

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES AND EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): August 9, 2006 (August 8, 2006)

NOVASTAR RESOURCES LTD.

(Exact name of registrant as specified in its charter)

Nevada	000-28535	91-1975651
(State of Incorporation)	(Commission File No.)	(IRS Employer ID No.)

8300 Greensboro Drive, Suite 800, McLean, VA 22102
(Address of Principal Executive Offices)

800-685-8082
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

Amendment No. 2 to Merger Agreement

On February 21, 2006, Novastar Resources Ltd. (the “Company”) reported its entry into an Agreement and Plan of Merger (the “Merger Agreement”), dated February 14, 2006, with Thorium Power, Inc. (“Thorium Power”) and TP Acquisition Corp., a subsidiary of the Company (“Acquisition Sub”), relating to the acquisition by the Company of one hundred percent (100%) of the outstanding capital stock of Thorium Power through a reverse merger of Acquisition Sub with and into Thorium Power. The Merger Agreement was thereafter amended on June 12, 2006 (the “First Merger Amendment”).

On August 8, 2006, the Company, Thorium Power and Acquisition Sub agreed to amend the Merger Agreement (the “Second Merger Amendment”): (1) to replace in its entirety, Section 1.2(a) (the purchase price provision of the Merger Agreement) with a new Section 1.2(a). The First Merger Amendment eliminated the conversion ratio formula that had been part of the Merger Agreement prior to the Merger Amendment and replaced it with the exact number of shares of common stock of the Company issuable in connection with the Merger. The First Merger Amendment provided that Thorium Power Common Stock, other than shares held by Novastar, would be converted into the right to receive 25.454 shares of the Company’s common stock, and that each Exchangeable Security (as defined in the Merger Agreement) that has an exercise price of \$5.00 or \$1.00 will be converted into the right to receive 22.750 and 11.936 shares of the Company’s common stock, respectively. The Second Merger Amendment revises the conversion ratios included in the First Merger Amendment, providing that Thorium Power Common Stock, other than shares held by Novastar, will now be converted into the right to receive 25.628 shares of the Company’s common stock, and that each Exchangeable Security (as defined in the Merger Agreement) that has an exercise price of \$5.00 or \$1.00 will now be converted into the right to receive 22.965 and 12.315 shares of the Company’s common stock, respectively.

The parties adjusted the ratios as the result of the exercise, on a cashless basis, of certain options and/or warrants held by Thorium Power security holders since the date of the First Merger Amendment.

This description of the terms of the Second Merger Amendment is qualified by reference to the provisions of that agreement, attached to this report as Exhibit 10.1.

ITEM 9.01 EXHIBITS.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Amendment No. 2 to Agreement and Plan of Merger, dated August 8, 2006, between Novastar Resources, Ltd., TP Acquisition Corp. and Thorium Power, Inc.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Novastar Resources Ltd.

Date: August 9, 2006

/s/ Seth Grae
President and Chief Executive
Officer

EXHIBIT INDEX

Exhibit No.

Description

10.1 Amendment No. 2 to Agreement and Plan of Merger, dated August 8, 2006, between Novastar Resources, Ltd., TP Acquisition Corp. and Thorium Power, Inc.

AMENDMENT NO. 2 TO AGREEMENT AND PLAN OF MERGER

This AMENDMENT NO. 2 TO AGREEMENT AND PLAN OF MERGER is entered into as of August 8, 2006 (this "Amendment") among NOVASTAR RESOURCES LTD., a Nevada corporation ("Company"), TP ACQUISITION CORP., a Delaware corporation and wholly-owned subsidiary of Company ("Acquisition Sub"), and THORIUM POWER, INC., a Delaware corporation ("Thorium Power"). Capitalized terms used, but not otherwise defined, herein have the meanings ascribed to such terms in the Agreement (as defined below).

BACKGROUND

The Parties entered into an Agreement and Plan of Merger on February 14, 2006 (the "Agreement") relating to the acquisition by Company of one hundred percent (100%) of the outstanding common stock of Thorium Power through a reverse merger of Acquisition Sub with and into Thorium Power. The Agreement was thereafter amended on June 12, 2006. The Parties now desire to enter into this Amendment to further modify the terms of the Agreement as more specifically set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises of the parties hereto, and of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendment to Section 1.2(a). Section 1.2(a) of the Agreement is deleted in its entirety and in lieu thereof the following new Section 1.2(a) is inserted:

“(a) *Purchase Price.*

(i) At the Closing, each issued and outstanding share of Thorium Power's common stock, \$0.05 par value per share (the "***Thorium Power Common Stock***") other than shares of Thorium Power Common Stock held by Company shall be converted into the right to receive 25.628 shares of Company's common stock, \$0.001 par value per share (the "***Company Common Stock***").

(ii) At the Closing, each Exchangeable Security that has an exercise price of \$5.00 or \$1.00 (constituting the only prices at which Exchangeable Securities are exercisable) shall be converted into the right to receive 22.965 and 12.315 shares of Company Common Stock, respectively.

(iii) All shares of Thorium Power Common Stock and all Exchangeable Securities will no longer be outstanding and will automatically be cancelled and retired and shall cease to exist, and each holder of a certificate representing any such shares of Thorium Power Common Stock or certificate or other instrument evidencing any such Exchangeable Securities that are so exchanged shall cease to have any rights with respect thereto, except the right to receive the shares of Company Common Stock to be issued in consideration therefor upon the surrender of such certificate or other instrument in accordance with Section 1.2(c), without interest.

(iv) Any securities convertible into or exercisable for shares of Thorium Power Common Stock (the “***Thorium Power Convertible Securities***”) immediately prior to the Effective Time (other than the Exchangeable Securities) will become, at the Effective Time, securities exercisable for such number of shares of Company Common Stock as the holder of such securities would have received had such holder converted such securities into Thorium Power Common Stock immediately prior to the Closing. Appropriate adjustment will be made to any exercise or conversion price of such securities.”

2. Agreement. In all other respects, the Agreement shall remain in full force and effect.

3 . Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment as of the date first above written.

NOVASTAR RESOURCES LTD.

By: /s/ Seth Grae

Name: Seth Grae
Title: President and Chief Executive Officer

TP ACQUISITION CORP.

By: /s/ Seth Grae

Name: Seth Grae
Title: President and Chief Executive Officer

THORIUM POWER, INC.

By: /s/ Seth Grae

Name: Seth Grae
Title: President and Chief Executive Officer
