

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): October 23, 2006 (October 17, 2006)

THORIUM POWER, LTD.

(Exact name of registrant as specified in its charter)

Nevada
(State of Incorporation)

000-28535
(Commission File No.)

91-1975651
(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))

ITEM 5.02 DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS, APPOINTMENT OF PRINCIPAL OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS

Appointment of Directors.

On October 6, 2006, the Board of Directors of the Thorium Power, Ltd. (“Thorium Power” or the “Company”) increased the size of the board to five (5) members and appointed Jack D. Ladd and Daniel B. Magraw, Jr., as members of the Board of Directors of the Company, effective October 23, 2006. Pursuant to terms of the Independent Director’s Contracts, dated October 23, 2006, between Mr. Ladd and the Company (the “Ladd Director Contract”), and Mr. Magraw and the Company (the “Magraw Director Contract,” and together with the Ladd Director Contract, the “Director Contracts”) Mr. Ladd and Mr. Magraw will each receive a fee of \$20,000 per year in cash, as well as such number of restricted shares, issued quarterly, equal to \$5,000 each quarter, to be paid to each Director for the respective quarter based on the average closing price of the Company’s common stock, as quoted on the trading market on which the Company’s securities are traded, over the thirty (30) day period prior to the first day of the applicable quarter. Additionally, the Director Contracts grant to Messrs. Ladd and Magraw for service on the Board of Directors non-qualified options to purchase up to 500,000 shares of the common stock of the Company (the “Director Options”), which shall vest with respect to 13,889 shares on November 23, 2006 and the remaining 486,111 shares will subsequently vest in equal monthly installments of 13,889 shares on each one month anniversary of the grant until all shares underlying the Director Options have vested. This brief description of the terms of the Director Contracts and the Director Options is qualified by reference to the provisions of the respective agreements, attached to this report as Exhibits 10.1 and 10.2, respectively.

Jack D. Ladd is the Director of the John Ben Shepperd Leadership Institute of the University of Texas, Permian Basin. He has held this position since September 2004. Prior to that time, Mr. Ladd was a practicing attorney with the law firm of Stubbeman, McRae, Sealy, Laughlin & Browder, Inc., in Midland, Texas for 28 years. Mr. Ladd is currently the Chairman of the Texas State Securities Board. Mr. Ladd has almost three decades of experience in public affairs, law, governance, and public service. As a practicing attorney, he has served on numerous civic, educational, religious and governmental boards and committees. He holds the Doctor of Jurisprudence degree from The University of Texas in Austin and a B.A. from the University of Texas in Austin.

Daniel B. Magraw, Jr. is a leading expert on international environmental law and policy. Mr. Magraw is President and CEO of the Center for International Environmental Law (CIEL). He has held this position since 2001. From 1992-2001, he was Director of the International Environmental Law Office of the US Environmental Protection Agency. He is a member of the U.S. Department of State Study Group on International Business Transactions and was Chair of the 15,000-member Section of International Law and Practice of the American Bar Association. He practiced international law, constitutional law, and bankruptcy law at Covington & Burling in Washington, DC from 1978-1983. Mr. Magraw is a widely-published author in the field of international environmental law. He is a graduate of Harvard University and the University of California, Berkeley Law School. Since 1996, Mr. Magraw has been a member of the board of directors of Thorium Power Inc., which is now a wholly-owned subsidiary of the Company.

Departure of Director and Principal Officer.

Effective on October 17, 2006, Cornelius J. Milmoie resigned from the Board of Directors of the Company. Mr. Milmoie was not a member of any committee of the Board of Directors at the time of his resignation. Mr. Milmoie has presented the Company with correspondence related to his resignation, and the Company has attached such correspondence hereto as exhibit 17.1. Additionally, the Company has responded to Mr. Milmoie's correspondence and summarized the circumstances that led to Mr. Milmoie's resignation in a memorandum attached hereto as exhibit 17.2.

Additionally, on October 17, 2006, Mr. Milmoie was removed from the position of Chief Operating Officer of the Company. The Company has retained an outside firm to aid in the search for Mr. Milmoie's replacement.

ITEM 8.01 OTHER EVENTS

On October 17, 2006, the Company announced that its Board of Directors authorized a share buyback program for an aggregate of \$1,000,000 over the next 12 months, with \$250,000 to be repurchased immediately. At the discretion of the CEO Seth Grae, the Company may effect further share repurchases over the course of the year depending on valuation of the Company reflected in the share price.

Reference is made to the press release filed as Exhibit 99.2 hereto. The information set forth in Exhibit 99.2 is hereby incorporated by reference.

ITEM 9.01 FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

ITEM 9. Financial Statements and Exhibits

(d) Exhibits

- 10.1 Independent Director's Contract, dated October 23, 2006, between Thorium Power, Ltd. and Jack D. Ladd.
- 10.2 Independent Director's Contract, dated October 23, 2006, between Thorium Power, Ltd. and Daniel B. Magraw, Jr.
- 17.1 Statement from Cornelius J. Milmoie regarding the circumstances surrounding his departure from Thorium Power, Ltd.
- 17.2 Statement from Thorium Power, Ltd. regarding the circumstances surrounding the departure of Cornelius J. Milmoie.
- 99.1 Press Release, dated October 23, 2006.
- 99.2 Press Release, dated October 23, 2006.
- 99.3 Press Release, dated October 17, 2006.

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.

Thorium Power, Ltd.

Date: October 23, 2006

/s/ Seth Grae

President and Chief Executive Officer

**NOVASTAR RESOURCES LTD.
INDEPENDENT DIRECTOR'S CONTRACT**

THIS AGREEMENT (The "Agreement") is made as of the 23rd day of October, 2006 and is by and between Novastar Resources Ltd., a Nevada corporation (hereinafter referred to as "Company") and Jack D. Ladd (hereinafter referred to as "Director").

BACKGROUND

The Board of Directors of the Company desires to appoint Director to fill an existing vacancy and to have the Director perform the duties of independent director and Director desires to be so appointed for such position and to perform the duties required of such position in accordance with the terms and conditions of this Agreement.

AGREEMENT

In consideration for the above recited promises and the mutual promises contained herein, the adequacy and sufficiency of which are hereby acknowledged, Company and Director hereby agree as follows:

1. **DUTIES.** The Company requires that the Director be available to perform the duties of an independent director as described in the Company's Handbook for Prospective Directors and such other duties customarily related to this function as may be determined and assigned by the Board of Directors of the Company and as may be required by the Company's constituent instruments, including its certificate or articles of incorporation, bylaws and its corporate governance and board committee charters, each as amended or modified from time to time, and by applicable law, including the Nevada General Corporation Law. Director agrees to devote as much time as is necessary to perform completely the duties as Director of the Company, including duties as a member of the Audit Committee and such other committees as the Director may hereafter be appointed to. The Director will perform such duties described herein in accordance with the general fiduciary duty of Directors arising under the Nevada General Corporation Law and Chapter 78 of the Nevada Revised Statutes.

2. **TERM.** The term of this Agreement shall commence as of the date of the Director's appointment by the board of directors of the Company (in the event the Director is appointed to fill a vacancy) or the date of the Director's election by the stockholders of the Company and shall continue until the Director's removal or resignation.

3. **COMPENSATION.** For all services to be rendered by Director in any capacity hereunder, the Company agrees to (i) pay Director a fee of \$20,000 in cash per year payable in equal quarterly installments (the "Cash Compensation"); (ii) issue quarterly, in advance, such number of restricted shares equal to the value of the Cash Compensation to be paid to the Director for the respective quarter based on the average closing price of the Company's common stock, as quoted on the trading market on which the Company's securities are traded, over the thirty (30) day period prior to the first day of the applicable quarter; and (iii) pursuant to the terms and conditions of the Company's 2006 Stock Plan, grant to the Director non-qualified options to purchase up to 500,000 shares of the common stock of the Company for each three (3) year period that the Director serves on the Board, which options shall be exercisable within three (3) years from the grant date and have an exercise price equal to the fair market value on the grant date. These options shall vest with respect to 6/36 of the total number of shares granted (as specified above) on the six month anniversary of the grant date and shall thereafter vest 1/36 on the first day of each month until all shares underlying the options have vested. If the Director does not serve on the Board of Directors for the entire three (3) year period encompassing such options, the total number of options granted to the Director will be reduced on a pro rata basis to reflect time actually served on the Board of Directors. The initial year's base fee is considered earned when paid and is nonrefundable. Upon execution of this Agreement, the Company shall pay to the Director the pro rata portion of the initial year's base fee and grant to the Director the initial options described above. Thereafter, payment shall be due on or before January 1st of each succeeding year. Such fee and options may be adjusted from time to time as agreed by the parties.

4. **EXPENSES.** In addition to the compensation provided in paragraph 3 hereof, the Company will reimburse Director for pre-approved reasonable business related expenses incurred in good faith in the performance of Director's duties for the Company. Such payments shall be made by the Company upon submission by the Director of a signed statement itemizing the expenses incurred. Such statement shall be accompanied by sufficient documentary matter to support the expenditures.

5. **CONFIDENTIALITY.** The Company and Director each acknowledge that, in order for the intents and purposes of this Agreement to be accomplished, Director shall necessarily be obtaining access to certain confidential information concerning the Company and its affairs, including, but not limited to business methods, information systems, financial data and strategic plans which are unique assets of the Company ("Confidential Information"). Director covenants not to, either directly or indirectly, in any manner, utilize or disclose to any person, firm, corporation, association or other entity any Confidential Information.

6. **NON-COMPETE.** During the Term and for a period of twenty-four months following the Director's removal or resignation from the Board of Directors of the Company or any of its Subsidiaries or Affiliates (the "Restricted Period"), the Director shall not, directly or indirectly, (i) in any manner whatsoever engage in any capacity with any business competitive with the Company's current lines of business or any business then engaged in by the Company, any of its Subsidiaries or any of its Affiliates (the "Company's Business") for the Director's own benefit or for the benefit of any person or entity other than the Company or any Subsidiary or Affiliate; or (ii) have any interest as owner, sole proprietor, shareholder, partner, lender, director, officer, manager, employee, consultant, agent or otherwise in any business competitive with the Company's Business; provided, however, that the Director may hold, directly or indirectly, solely as an investment, not more than two percent (2%) of the outstanding securities of any person or entity which are listed on any national securities exchange or regularly traded in the over-the-counter market notwithstanding the fact that such person or entity is engaged in a business competitive with the Company's Business. In addition, during the Restricted Period, the Director shall not develop any property for use in the Company's Business on behalf of any person or entity other than the Company, its Subsidiaries and Affiliates

7. **TERMINATION.** With or without cause, the Company and Director may each terminate this Agreement at any time upon ten (10) days written notice, and the Company shall be obligated to pay to Director the compensation and expenses due up to the date of the termination. If the director voluntarily resigns prior to October 1st of any year after the first year of this agreement, the Company shall be entitled to receive, upon written request by the Company, a prorated refund of the portion of the base fee that relates to the period after the termination date. Such written request must be submitted within ninety (90) days of the termination date. Nothing contained herein or omitted herefrom shall prevent the shareholder(s) of the Company from removing Director with immediate effect at any time for any reason.

8. **INDEMNIFICATION.** The Company shall indemnify, defend and hold harmless Director, to the full extent allowed by the law of the State of Nevada, and as provided by, or granted pursuant to, any charter provision, bylaw provision, agreement (including, without limitation, the Indemnification Agreement executed herewith), vote of stockholders or disinterested directors or otherwise, both as to action in Director's official capacity and as to action in another capacity while holding such office. The Company and the Director are executing the Indemnification Agreement in the form attached hereto as Exhibit A.

9. **EFFECT OF WAIVER.** The waiver by either party of the breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach thereof.

10. **NOTICE.** Any and all notices referred to herein shall be sufficient if furnished in writing at the addresses specified on the signature page hereto or, if to the Company, to the Company's address as specified in filings made by the Company with the U.S. Securities and Exchange Commission and if by fax to 202.318.2502.

11. **GOVERNING LAW.** This Agreement shall be interpreted in accordance with, and the rights of the parties hereto shall be determined by, the laws of the State of Nevada without reference to that state's conflicts of laws principles.

12. **ASSIGNMENT.** The rights and benefits of the Company under this Agreement shall be transferable, and all the covenants and agreements hereunder shall inure to the benefit of, and be enforceable by or against, its successors and assigns. The duties and obligations of the Director under this Agreement are personal and therefore Director may not assign any right or duty under this Agreement without the prior written consent of the Company.

13. **MISCELLANEOUS.** If any provision of this Agreement shall be declared invalid or illegal, for any reason whatsoever, then, notwithstanding such invalidity or illegality, the remaining terms and provisions of the within Agreement shall remain in full force and effect in the same manner as if the invalid or illegal provision had not been contained herein.

14. **ARTICLE HEADINGS.** The article headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

15. **COUNTERPARTS.** This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Facsimile execution and delivery of this Agreement is legal, valid and binding for all purposes.

16. **ENTIRE AGREEMENT.** Except as provided elsewhere herein, this Agreement sets forth the entire agreement of the parties with respect to its subject matter and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party to this Agreement with respect to such subject matter.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Independent Director's Contract to be duly executed and signed as of the day and year first above written.

NOVASTAR RESOURCES LTD.

By: /s/ Seth Grae

Name: Seth Grae
Title: CEO and President

INDEPENDENT DIRECTOR

By: /s/ Jack D. Ladd

Name: Jack D. Ladd
Address: 2500 Metz Place
Midland, Texas 79705

[Signature Page to Independent Director's Contract]

INDEMNIFICATION AGREEMENT

This Indemnification Agreement, dated as of the 23rd day of October, 2006 is made by and between NOVASTAR RESOURCES LTD., a Nevada corporation (the "Company"), and Jack D. Ladd, an officer or director of the Company (the "Indemnitee").

RECITALS

A. The Company and the Indemnitee recognize that the present state of the law is too uncertain to provide the Company's officers and directors with adequate and reliable advance knowledge or guidance with respect to the legal risks and potential liabilities to which they may become personally exposed as a result of performing their duties for the Company;

B. The Company and the Indemnitee are aware of the substantial growth in the number of lawsuits filed against corporate officers and directors in connection with their activities in such capacities and by reason of their status as such;

C. The Company and the Indemnitee recognize that the cost of defending against such lawsuits, whether or not meritorious, is typically beyond the financial resources of most officers and directors of the Company;

D. The Company and the Indemnitee recognize that the legal risks and potential liabilities, and the threat thereof, associated with proceedings filed against the officers and directors of the Company bear no reasonable relationship to the amount of compensation received by the Company's officers and directors;

E. The Company, after reasonable investigation prior to the date hereof, has determined that the liability insurance coverage available to the Company as of the date hereof is inadequate, unreasonably expensive or both. The Company believes, therefore, that the interest of the Company and its current and future shareholders would be best served by a combination of (i) such insurance as the Company may obtain pursuant to the Company's obligations hereunder and (ii) a contract with its officers and directors, including the Indemnitee, to indemnify them to the fullest extent permitted by law (as in effect on the date hereof, or, to the extent any amendment may expand such permitted indemnification, as hereafter in effect) against personal liability for actions taken in the performance of their duties to the Company;

F. Section 78.7502 of the Nevada Revised Statutes empowers Nevada corporations to indemnify their officers and directors and further states that the indemnification provided by Section 78.7502 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the articles of incorporation or any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office; thus, Section 78.7502 does not by itself limit the extent to which the Company may indemnify persons serving as its officers and directors;

G. The Company's Articles of Incorporation and Bylaws authorize the indemnification of the officers and directors of the Company in excess of that expressly permitted by Section 78.7502;

H. The Board of Directors of the Company has concluded that, to retain and attract talented and experienced individuals to serve as officers and directors of the Company and to encourage such individuals to take the business risks necessary for the success of the Company, it is necessary for the Company to contractually indemnify its officers and directors, and to assume for itself liability for expenses and damages in connection with claims against such officers and directors in connection with their service to the Company, and has further concluded that the failure to provide such contractual indemnification could result in great harm to the Company and its shareholders;

I. The Company desires and has requested the Indemnitee to serve or continue to serve as a director or officer of the Company, free from undue concern for the risks and potential liabilities associated with such services to the Company; and

J. The Indemnitee is willing to serve, or continue to serve, the Company, provided, and on the expressed condition, that she is furnished with the indemnification provided for herein.

AGREEMENT

NOW, THEREFORE, the Company and Indemnitee agree as follows:

1. DEFINITIONS.

(a) "EXPENSES" means, for the purposes of this Agreement, all direct and indirect costs of any type or nature whatsoever (including, without limitation, any fees and disbursements of Indemnitee's counsel, accountants and other experts and other out-of-pocket costs) actually and reasonably incurred by the Indemnitee in connection with the investigation, preparation, defense or appeal of a Proceeding; provided, however, that Expenses shall not include judgments, fines, penalties or amounts paid in settlement of a Proceeding.

(b) "PROCEEDING" means, for the purposes of this Agreement, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative (including an action brought by or in the right of the Company) in which Indemnitee may be or may have been involved as a party or otherwise, by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action taken by her or of any inaction on her part while acting as such director or officer or by reason of the fact that she is or was serving at the request of the Company as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director or officer of the foreign or domestic corporation which was a predecessor corporation to the Company or of another enterprise at the request of such predecessor corporation, whether or not she is serving in such capacity at the time any liability or expense is incurred for which indemnification or reimbursement can be provided under this Agreement.

2. AGREEMENT TO SERVE.

Indemnitee agrees to serve or continue to serve as a director or officer of the Company to the best of her abilities at the will of the Company or under separate contract, if such contract exists, for so long as Indemnitee is duly elected or appointed and qualified or until such time as she tenders her resignation in writing. Nothing contained in this Agreement is intended to create in Indemnitee any right to continued employment.

3. INDEMNIFICATION.

(a) **THIRD PARTY PROCEEDINGS.** The Company shall indemnify Indemnitee against Expenses, judgments, fines, penalties or amounts paid in settlement (if the settlement is approved in advance by the Company) actually and reasonably incurred by Indemnitee in connection with a Proceeding (other than a Proceeding by or in the right of the Company) if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of NOLO CONTENDERE or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in the best interests of the Company, or, with respect to any criminal Proceeding, had no reasonable cause to believe that Indemnitee's conduct was unlawful.

(b) **PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY.** To the fullest extent permitted by law, the Company shall indemnify Indemnitee against Expenses and amounts paid in settlement, actually and reasonably incurred by Indemnitee in connection with a Proceeding by or in the right of the Company to procure a judgment in its favor if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the Company and its shareholders. Notwithstanding the foregoing, no indemnification shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged liable to the Company in the performance of Indemnitee's duty to the Company and its shareholders unless and only to the extent that the court in which such action or proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for expenses and then only to the extent that the court shall determine.

(c) **SCOPE.** Notwithstanding any other provision of this Agreement but subject to SECTION 14(b), the Company shall indemnify the Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by other provisions of this Agreement, the Company's Articles of Incorporation, the Company's Bylaws or by statute.

4. LIMITATIONS ON INDEMNIFICATION.

Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) EXCLUDED ACTS. To indemnify Indemnitee for any acts or omissions or transactions from which a director may not be relieved of liability under applicable law;

(b) EXCLUDED INDEMNIFICATION PAYMENTS. To indemnify or advance Expenses in violation of any prohibition or limitation on indemnification under the statutes, regulations or rules promulgated by any state or federal regulatory agency having jurisdiction over the Company.

(c) CLAIMS INITIATED BY INDEMNITEE. To indemnify or advance Expenses to Indemnitee with respect to Proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except with respect to proceedings brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under Section 78.7502 of the Nevada Revised Statutes, but such indemnification or advancement of Expenses may be provided by the Company in specific cases if the Board of Directors has approved the initiation or bringing of such suit;

(d) LACK OF GOOD FAITH. To indemnify Indemnitee for any Expenses incurred by the Indemnitee with respect to any proceeding instituted by Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction determines that each of the material assertions made by the Indemnitee in such proceeding was not made in good faith or was frivolous;

(e) INSURED CLAIMS. To indemnify Indemnitee for Expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) which have been paid directly to or on behalf of Indemnitee by an insurance carrier under a policy of directors' and officers' liability insurance maintained by the Company or any other policy of insurance maintained by the Company or Indemnitee;

(f) CLAIMS UNDER SECTION 16(b). To indemnify Indemnitee for Expenses and the payment of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

5. DETERMINATION OF RIGHT TO INDEMNIFICATION.

Upon receipt of a written claim addressed to the Board of Directors for indemnification pursuant to SECTION 3, the Company shall determine by any of the methods set forth in Section 78.751 of the Nevada Revised Statutes whether Indemnitee has met the applicable standards of conduct which makes it permissible under applicable law to indemnify Indemnitee. If a claim under SECTION 3 is not paid in full by the Company within ninety (90) days after such written claim has been received by the Company, the Indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, unless such action is dismissed by the court as frivolous or brought in bad faith, the Indemnitee shall be entitled to be paid also the expense of prosecuting such claim. The court in which such action is brought shall determine whether Indemnitee or the Company shall have the burden of proof concerning whether Indemnitee has or has not met the applicable standard of conduct.

6. ADVANCEMENT AND REPAYMENT OF EXPENSES.

Subject to SECTION 4 hereof, the Expenses incurred by Indemnitee in defending and investigating any Proceeding shall be paid by the Company in advance of the final disposition of such Proceeding within 30 days after receiving from Indemnitee the copies of invoices presented to Indemnitee for such Expenses, if Indemnitee shall provide an undertaking to the Company to repay such amount to the extent it is ultimately determined that Indemnitee is not entitled to indemnification. In determining whether or not to make an advance hereunder, the ability of Indemnitee to repay shall not be a factor. Notwithstanding the foregoing, in a proceeding brought by the Company directly, in its own right (as distinguished from an action bought derivatively or by any receiver or trustee), the Company shall not be required to make the advances called for hereby if the Board of Directors determines, in its sole discretion, that it does not appear that Indemnitee has met the standards of conduct which make it permissible under Applicable law to indemnify Indemnitee and the advancement of Expenses would not be in the best interests of the Company and its shareholders.

7. PARTIAL INDEMNIFICATION.

If the Indemnitee is entitled under any provision of this Agreement to indemnification or advancement by the Company of some or a portion of any Expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, penalties, and amounts paid in settlement) incurred by him in the investigation, defense, settlement or appeal of a Proceeding, but is not entitled to indemnification or advancement of the total amount thereof, the Company shall nevertheless indemnify or pay advancements to the Indemnitee for the portion of such Expenses or liabilities to which the Indemnitee is entitled.

8. NOTICE TO COMPANY BY INDEMNITEE.

Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof; provided, however, that any delay in so notifying the Company shall not constitute a waiver by Indemnitee of her rights hereunder. The written notification to the Company shall be addressed to the Board of Directors and shall include a description of the nature of the Proceeding and the facts underlying the Proceeding and be accompanied by copies of any documents filed with the court in which the Proceeding is pending. In addition, Indemnitee shall give the Company such information and cooperation as it may reasonably require and as shall be within Indemnitee's power.

9. MAINTENANCE OF LIABILITY INSURANCE.

(a) Subject to SECTION 4 hereof, the Company hereby agrees that so long as Indemnitee shall continue to serve as a director or officer of the Company and thereafter so long as Indemnitee shall be subject to any possible Proceeding, the Company, subject to SECTION 9(B), shall use reasonable commercial efforts to obtain and maintain in full force and effect directors' and officers' liability insurance ("D&O Insurance") which provides Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors, if Indemnitee is a director; or of the Company's officers, if Indemnitee is not a director of the Company but is an officer.

(b) Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or the Indemnitee is covered by similar insurance maintained by a subsidiary or parent of the Company.

(c) If, at the time of the receipt of a notice of a claim pursuant to SECTION 8 hereof, the Company has D&O Insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

10. DEFENSE OF CLAIM.

In the event that the Company shall be obligated under SECTION 6 hereof to pay the Expenses of any Proceeding against Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such Proceeding, with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding, provided that (i) Indemnitee shall have the right to employ her counsel in any such Proceeding at Indemnitee's expense; and (ii) if (A) the employment of counsel by Indemnitee has been previously authorized by the Company, or (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of such defense or (C) the Company shall not, in fact, have employed counsel to assume the defense of such Proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

11. ATTORNEYS' FEES.

In the event that Indemnitee or the Company institutes an action to enforce or interpret any terms of this Agreement, the Company shall reimburse Indemnitee for all of the Indemnitee's reasonable fees and expenses in bringing and pursuing such action or defense, unless as part of such action or defense, a court of competent jurisdiction determines that the material assertions made by Indemnitee as a basis for such action or defense were not made in good faith or were frivolous.

12. CONTINUATION OF OBLIGATIONS.

All agreements and obligations of the Company contained herein shall continue during the period the Indemnitee is a director or officer of the Company, or is or was serving at the request of the Company as a director, officer, fiduciary, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, and shall continue thereafter so long as the Indemnitee shall be subject to any possible proceeding by reason of the fact that Indemnitee served in any capacity referred to herein.

13. SUCCESSORS AND ASSIGNS.

This Agreement establishes contract rights that shall be binding upon, and shall inure to the benefit of, the successors, assigns, heirs and legal representatives of the parties hereto.

14. NON-EXCLUSIVITY.

(a) The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed to be exclusive of any other rights that the Indemnitee may have under any provision of law, the Company's Articles of Incorporation or Bylaws, the vote of the Company's shareholders or disinterested directors, other agreements or otherwise, both as to action in her official capacity and action in another capacity while occupying her position as a director or officer of the Company.

(b) In the event of any changes, after the date of this Agreement, in any applicable law, statute, or rule which expand the right of a Nevada corporation to indemnify its officers and directors, the Indemnitee's rights and the Company's obligations under this Agreement shall be expanded to the full extent permitted by such changes. In the event of any changes in any applicable law, statute or rule, which narrow the right of a Nevada corporation to indemnify a director or officer, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder.

15. EFFECTIVENESS OF AGREEMENT.

To the extent that the indemnification permitted under the terms of certain provisions of this Agreement exceeds the scope of the indemnification provided for in the Nevada Revised Statutes, such provisions shall not be effective unless and until the Company's Articles of Incorporation authorize such additional rights of indemnification. In all other respects, the balance of this Agreement shall be effective as of the date set forth on the first page and may apply to acts of omissions of Indemnitee which occurred prior to such date if Indemnitee was an officer, director, employee or other agent of the Company, or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, at the time such act or omission occurred.

16. SEVERABILITY.

Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. The provisions of this Agreement shall be severable as provided in this SECTION 16. If this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify Indemnitee to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms.

17. GOVERNING LAW.

This Agreement shall be interpreted and enforced in accordance with the laws of the State of Nevada, without reference to its conflict of law principals. To the extent permitted by applicable law, the parties hereby waive any provisions of law which render any provision of this Agreement unenforceable in any respect.

18. NOTICE.

All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee or (ii) if mailed by certified or registered mail with postage prepaid, on the third business day after the mailing date. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

19. MUTUAL ACKNOWLEDGMENT.

Both the Company and Indemnitee acknowledge that in certain instances, federal law or applicable public policy may prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the appropriate state or federal regulatory agency to submit for approval any request for indemnification, and has undertaken or may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

20. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

21. AMENDMENT AND TERMINATION.

No amendment, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by both parties hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year set forth above.

COMPANY:

INDEMNITEE:

NOVASTAR RESOURCES LTD.

By: /s/ Seth Grae

/s/ Jack D. Ladd

Name: SETH GRAE
Title: CHIEF EXECUTIVE OFFICER
Address: 8300 Greensboro Drive, Suite 800
McLean, VA 22102

JACK D. LADD
Address: 2500 Metz Place
Midland, Texas 79705

[Signature Page to Indemnification Agreement]

**NOVASTAR RESOURCES LTD.
INDEPENDENT DIRECTOR'S CONTRACT**

THIS AGREEMENT (The "Agreement") is made as of the 23rd day of October, 2006 and is by and between Novastar Resources Ltd., a Nevada corporation (hereinafter referred to as "Company") and Daniel B. Magraw, Jr. (hereinafter referred to as "Director").

BACKGROUND

The Board of Directors of the Company desires to appoint Director to fill an existing vacancy and to have the Director perform the duties of independent director and Director desires to be so appointed for such position and to perform the duties required of such position in accordance with the terms and conditions of this Agreement.

AGREEMENT

In consideration for the above recited promises and the mutual promises contained herein, the adequacy and sufficiency of which are hereby acknowledged, Company and Director hereby agree as follows:

1. **DUTIES.** The Company requires that the Director be available to perform the duties of an independent director as described in the Company's Handbook for Prospective Directors and such other duties customarily related to this function as may be determined and assigned by the Board of Directors of the Company and as may be required by the Company's constituent instruments, including its certificate or articles of incorporation, bylaws and its corporate governance and board committee charters, each as amended or modified from time to time, and by applicable law, including the Nevada General Corporation Law. Director agrees to devote as much time as is necessary to perform completely the duties as Director of the Company, including duties as a member of the Audit Committee and such other committees as the Director may hereafter be appointed to. The Director will perform such duties described herein in accordance with the general fiduciary duty of Directors arising under the Nevada General Corporation Law and Chapter 78 of the Nevada Revised Statutes.

2. **TERM.** The term of this Agreement shall commence as of the date of the Director's appointment by the board of directors of the Company (in the event the Director is appointed to fill a vacancy) or the date of the Director's election by the stockholders of the Company and shall continue until the Director's removal or resignation.

3. **COMPENSATION.** For all services to be rendered by Director in any capacity hereunder, the Company agrees to (i) pay Director a fee of \$20,000 in cash per year payable in equal quarterly installments (the "Cash Compensation"); (ii) issue quarterly, in advance, such number of restricted shares equal to the value of the Cash Compensation to be paid to the Director for the respective quarter based on the average closing price of the Company's common stock, as quoted on the trading market on which the Company's securities are traded, over the thirty (30) day period prior to the first day of the applicable quarter; and (iii) pursuant to the terms and conditions of the Company's 2006 Stock Plan, grant to the Director non-qualified options to purchase up to 500,000 shares of the common stock of the Company for each three (3) year period that the Director serves on the Board, which options shall be exercisable within three (3) years from the grant date and have an exercise price equal to the fair market value on the grant date. These options shall vest with respect to 6/36 of the total number of shares granted (as specified above) on the six month anniversary of the grant date and shall thereafter vest 1/36 on the first day of each month until all shares underlying the options have vested. If the Director does not serve on the Board of Directors for the entire three (3) year period encompassing such options, the total number of options granted to the Director will be reduced on a pro rata basis to reflect time actually served on the Board of Directors. The initial year's base fee is considered earned when paid and is nonrefundable. Upon execution of this Agreement, the Company shall pay to the Director the pro rata portion of the initial year's base fee and grant to the Director the initial options described above. Thereafter, payment shall be due on or before January 1st of each succeeding year. Such fee and options may be adjusted from time to time as agreed by the parties.

4. **EXPENSES.** In addition to the compensation provided in paragraph 3 hereof, the Company will reimburse Director for pre-approved reasonable business related expenses incurred in good faith in the performance of Director's duties for the Company. Such payments shall be made by the Company upon submission by the Director of a signed statement itemizing the expenses incurred. Such statement shall be accompanied by sufficient documentary matter to support the expenditures.

5. **CONFIDENTIALITY.** The Company and Director each acknowledge that, in order for the intents and purposes of this Agreement to be accomplished, Director shall necessarily be obtaining access to certain confidential information concerning the Company and its affairs, including, but not limited to business methods, information systems, financial data and strategic plans which are unique assets of the Company ("Confidential Information"). Director covenants not to, either directly or indirectly, in any manner, utilize or disclose to any person, firm, corporation, association or other entity any Confidential Information.

6. **NON-COMPETE.** During the Term and for a period of twenty-four months following the Director's removal or resignation from the Board of Directors of the Company or any of its Subsidiaries or Affiliates (the "Restricted Period"), the Director shall not, directly or indirectly, (i) in any manner whatsoever engage in any capacity with any business competitive with the Company's current lines of business or any business then engaged in by the Company, any of its Subsidiaries or any of its Affiliates (the "Company's Business") for the Director's own benefit or for the benefit of any person or entity other than the Company or any Subsidiary or Affiliate; or (ii) have any interest as owner, sole proprietor, shareholder, partner, lender, director, officer, manager, employee, consultant, agent or otherwise in any business competitive with the Company's Business; provided, however, that the Director may hold, directly or indirectly, solely as an investment, not more than two percent (2%) of the outstanding securities of any person or entity which are listed on any national securities exchange or regularly traded in the over-the-counter market notwithstanding the fact that such person or entity is engaged in a business competitive with the Company's Business. In addition, during the Restricted Period, the Director shall not develop any property for use in the Company's Business on behalf of any person or entity other than the Company, its Subsidiaries and Affiliates

7. **TERMINATION.** With or without cause, the Company and Director may each terminate this Agreement at any time upon ten (10) days written notice, and the Company shall be obligated to pay to Director the compensation and expenses due up to the date of the termination. If the director voluntarily resigns prior to October 1st of any year after the first year of this agreement, the Company shall be entitled to receive, upon written request by the Company, a prorated refund of the portion of the base fee that relates to the period after the termination date. Such written request must be submitted within ninety (90) days of the termination date. Nothing contained herein or omitted herefrom shall prevent the shareholder(s) of the Company from removing Director with immediate effect at any time for any reason.

8. **INDEMNIFICATION.** The Company shall indemnify, defend and hold harmless Director, to the full extent allowed by the law of the State of Nevada, and as provided by, or granted pursuant to, any charter provision, bylaw provision, agreement (including, without limitation, the Indemnification Agreement executed herewith), vote of stockholders or disinterested directors or otherwise, both as to action in Director's official capacity and as to action in another capacity while holding such office. The Company and the Director are executing the Indemnification Agreement in the form attached hereto as Exhibit A.

9. **EFFECT OF WAIVER.** The waiver by either party of the breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach thereof.

10. **NOTICE.** Any and all notices referred to herein shall be sufficient if furnished in writing at the addresses specified on the signature page hereto or, if to the Company, to the Company's address as specified in filings made by the Company with the U.S. Securities and Exchange Commission and if by fax to 202.318.2502.

11. **GOVERNING LAW.** This Agreement shall be interpreted in accordance with, and the rights of the parties hereto shall be determined by, the laws of the State of Nevada without reference to that state's conflicts of laws principles.

12. **ASSIGNMENT.** The rights and benefits of the Company under this Agreement shall be transferable, and all the covenants and agreements hereunder shall inure to the benefit of, and be enforceable by or against, its successors and assigns. The duties and obligations of the Director under this Agreement are personal and therefore Director may not assign any right or duty under this Agreement without the prior written consent of the Company.

13. **MISCELLANEOUS.** If any provision of this Agreement shall be declared invalid or illegal, for any reason whatsoever, then, notwithstanding such invalidity or illegality, the remaining terms and provisions of the within Agreement shall remain in full force and effect in the same manner as if the invalid or illegal provision had not been contained herein.

14. **ARTICLE HEADINGS.** The article headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

15. **COUNTERPARTS.** This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Facsimile execution and delivery of this Agreement is legal, valid and binding for all purposes.

16. **ENTIRE AGREEMENT.** Except as provided elsewhere herein, this Agreement sets forth the entire agreement of the parties with respect to its subject matter and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party to this Agreement with respect to such subject matter.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Independent Director's Contract to be duly executed and signed as of the day and year first above written.

NOVASTAR RESOURCES LTD.

By: /s/ Seth Grae

Name: Seth Grae

Title: CEO and President

INDEPENDENT DIRECTOR

By: /s/ Daniel B. Magraw, Jr.

Name: Daniel B. Magraw, Jr.

Address:

[Signature Page to Independent Director's Contract]

INDEMNIFICATION AGREEMENT

This Indemnification Agreement, dated as of the 23rd day of October, 2006 is made by and between NOVASTAR RESOURCES LTD., a Nevada corporation (the "Company"), and Daniel B. Magraw, Jr., an officer or director of the Company (the "Indemnitee").

RECITALS

A. The Company and the Indemnitee recognize that the present state of the law is too uncertain to provide the Company's officers and directors with adequate and reliable advance knowledge or guidance with respect to the legal risks and potential liabilities to which they may become personally exposed as a result of performing their duties for the Company;

B. The Company and the Indemnitee are aware of the substantial growth in the number of lawsuits filed against corporate officers and directors in connection with their activities in such capacities and by reason of their status as such;

C. The Company and the Indemnitee recognize that the cost of defending against such lawsuits, whether or not meritorious, is typically beyond the financial resources of most officers and directors of the Company;

D. The Company and the Indemnitee recognize that the legal risks and potential liabilities, and the threat thereof, associated with proceedings filed against the officers and directors of the Company bear no reasonable relationship to the amount of compensation received by the Company's officers and directors;

E. The Company, after reasonable investigation prior to the date hereof, has determined that the liability insurance coverage available to the Company as of the date hereof is inadequate, unreasonably expensive or both. The Company believes, therefore, that the interest of the Company and its current and future shareholders would be best served by a combination of (i) such insurance as the Company may obtain pursuant to the Company's obligations hereunder and (ii) a contract with its officers and directors, including the Indemnitee, to indemnify them to the fullest extent permitted by law (as in effect on the date hereof, or, to the extent any amendment may expand such permitted indemnification, as hereafter in effect) against personal liability for actions taken in the performance of their duties to the Company;

F. Section 78.7502 of the Nevada Revised Statutes empowers Nevada corporations to indemnify their officers and directors and further states that the indemnification provided by Section 78.7502 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the articles of incorporation or any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office; thus, Section 78.7502 does not by itself limit the extent to which the Company may indemnify persons serving as its officers and directors;

G. The Company's Articles of Incorporation and Bylaws authorize the indemnification of the officers and directors of the Company in excess of that expressly permitted by Section 78.7502;

H. The Board of Directors of the Company has concluded that, to retain and attract talented and experienced individuals to serve as officers and directors of the Company and to encourage such individuals to take the business risks necessary for the success of the Company, it is necessary for the Company to contractually indemnify its officers and directors, and to assume for itself liability for expenses and damages in connection with claims against such officers and directors in connection with their service to the Company, and has further concluded that the failure to provide such contractual indemnification could result in great harm to the Company and its shareholders;

I. The Company desires and has requested the Indemnitee to serve or continue to serve as a director or officer of the Company, free from undue concern for the risks and potential liabilities associated with such services to the Company; and

J. The Indemnitee is willing to serve, or continue to serve, the Company, provided, and on the expressed condition, that she is furnished with the indemnification provided for herein.

AGREEMENT

NOW, THEREFORE, the Company and Indemnitee agree as follows:

1. DEFINITIONS.

(a) "EXPENSES" means, for the purposes of this Agreement, all direct and indirect costs of any type or nature whatsoever (including, without limitation, any fees and disbursements of Indemnitee's counsel, accountants and other experts and other out-of-pocket costs) actually and reasonably incurred by the Indemnitee in connection with the investigation, preparation, defense or appeal of a Proceeding; provided, however, that Expenses shall not include judgments, fines, penalties or amounts paid in settlement of a Proceeding.

(b) "PROCEEDING" means, for the purposes of this Agreement, any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative (including an action brought by or in the right of the Company) in which Indemnitee may be or may have been involved as a party or otherwise, by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action taken by her or of any inaction on her part while acting as such director or officer or by reason of the fact that she is or was serving at the request of the Company as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director or officer of the foreign or domestic corporation which was a predecessor corporation to the Company or of another enterprise at the request of such predecessor corporation, whether or not she is serving in such capacity at the time any liability or expense is incurred for which indemnification or reimbursement can be provided under this Agreement.

2. AGREEMENT TO SERVE.

Indemnitee agrees to serve or continue to serve as a director or officer of the Company to the best of her abilities at the will of the Company or under separate contract, if such contract exists, for so long as Indemnitee is duly elected or appointed and qualified or until such time as she tenders her resignation in writing. Nothing contained in this Agreement is intended to create in Indemnitee any right to continued employment.

3. INDEMNIFICATION.

(a) **THIRD PARTY PROCEEDINGS.** The Company shall indemnify Indemnitee against Expenses, judgments, fines, penalties or amounts paid in settlement (if the settlement is approved in advance by the Company) actually and reasonably incurred by Indemnitee in connection with a Proceeding (other than a Proceeding by or in the right of the Company) if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of NOLO CONTENDERE or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in the best interests of the Company, or, with respect to any criminal Proceeding, had no reasonable cause to believe that Indemnitee's conduct was unlawful.

(b) **PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY.** To the fullest extent permitted by law, the Company shall indemnify Indemnitee against Expenses and amounts paid in settlement, actually and reasonably incurred by Indemnitee in connection with a Proceeding by or in the right of the Company to procure a judgment in its favor if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the Company and its shareholders. Notwithstanding the foregoing, no indemnification shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged liable to the Company in the performance of Indemnitee's duty to the Company and its shareholders unless and only to the extent that the court in which such action or proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for expenses and then only to the extent that the court shall determine.

(c) **SCOPE.** Notwithstanding any other provision of this Agreement but subject to SECTION 14(b), the Company shall indemnify the Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by other provisions of this Agreement, the Company's Articles of Incorporation, the Company's Bylaws or by statute.

4. LIMITATIONS ON INDEMNIFICATION.

Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) EXCLUDED ACTS. To indemnify Indemnitee for any acts or omissions or transactions from which a director may not be relieved of liability under applicable law;

(b) EXCLUDED INDEMNIFICATION PAYMENTS. To indemnify or advance Expenses in violation of any prohibition or limitation on indemnification under the statutes, regulations or rules promulgated by any state or federal regulatory agency having jurisdiction over the Company.

(c) CLAIMS INITIATED BY INDEMNITEE. To indemnify or advance Expenses to Indemnitee with respect to Proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except with respect to proceedings brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under Section 78.7502 of the Nevada Revised Statutes, but such indemnification or advancement of Expenses may be provided by the Company in specific cases if the Board of Directors has approved the initiation or bringing of such suit;

(d) LACK OF GOOD FAITH. To indemnify Indemnitee for any Expenses incurred by the Indemnitee with respect to any proceeding instituted by Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction determines that each of the material assertions made by the Indemnitee in such proceeding was not made in good faith or was frivolous;

(e) INSURED CLAIMS. To indemnify Indemnitee for Expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) which have been paid directly to or on behalf of Indemnitee by an insurance carrier under a policy of directors' and officers' liability insurance maintained by the Company or any other policy of insurance maintained by the Company or Indemnitee;

(f) CLAIMS UNDER SECTION 16(b). To indemnify Indemnitee for Expenses and the payment of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

5. DETERMINATION OF RIGHT TO INDEMNIFICATION.

Upon receipt of a written claim addressed to the Board of Directors for indemnification pursuant to SECTION 3, the Company shall determine by any of the methods set forth in Section 78.751 of the Nevada Revised Statutes whether Indemnitee has met the applicable standards of conduct which makes it permissible under applicable law to indemnify Indemnitee. If a claim under SECTION 3 is not paid in full by the Company within ninety (90) days after such written claim has been received by the Company, the Indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, unless such action is dismissed by the court as frivolous or brought in bad faith, the Indemnitee shall be entitled to be paid also the expense of prosecuting such claim. The court in which such action is brought shall determine whether Indemnitee or the Company shall have the burden of proof concerning whether Indemnitee has or has not met the applicable standard of conduct.

6. ADVANCEMENT AND REPAYMENT OF EXPENSES.

Subject to SECTION 4 hereof, the Expenses incurred by Indemnitee in defending and investigating any Proceeding shall be paid by the Company in advance of the final disposition of such Proceeding within 30 days after receiving from Indemnitee the copies of invoices presented to Indemnitee for such Expenses, if Indemnitee shall provide an undertaking to the Company to repay such amount to the extent it is ultimately determined that Indemnitee is not entitled to indemnification. In determining whether or not to make an advance hereunder, the ability of Indemnitee to repay shall not be a factor. Notwithstanding the foregoing, in a proceeding brought by the Company directly, in its own right (as distinguished from an action bought derivatively or by any receiver or trustee), the Company shall not be required to make the advances called for hereby if the Board of Directors determines, in its sole discretion, that it does not appear that Indemnitee has met the standards of conduct which make it permissible under Applicable law to indemnify Indemnitee and the advancement of Expenses would not be in the best interests of the Company and its shareholders.

7. PARTIAL INDEMNIFICATION.

If the Indemnitee is entitled under any provision of this Agreement to indemnification or advancement by the Company of some or a portion of any Expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, penalties, and amounts paid in settlement) incurred by him in the investigation, defense, settlement or appeal of a Proceeding, but is not entitled to indemnification or advancement of the total amount thereof, the Company shall nevertheless indemnify or pay advancements to the Indemnitee for the portion of such Expenses or liabilities to which the Indemnitee is entitled.

8. NOTICE TO COMPANY BY INDEMNITEE.

Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof; provided, however, that any delay in so notifying the Company shall not constitute a waiver by Indemnitee of her rights hereunder. The written notification to the Company shall be addressed to the Board of Directors and shall include a description of the nature of the Proceeding and the facts underlying the Proceeding and be accompanied by copies of any documents filed with the court in which the Proceeding is pending. In addition, Indemnitee shall give the Company such information and cooperation as it may reasonably require and as shall be within Indemnitee's power.

9. MAINTENANCE OF LIABILITY INSURANCE.

(a) Subject to SECTION 4 hereof, the Company hereby agrees that so long as Indemnitee shall continue to serve as a director or officer of the Company and thereafter so long as Indemnitee shall be subject to any possible Proceeding, the Company, subject to SECTION 9(B), shall use reasonable commercial efforts to obtain and maintain in full force and effect directors' and officers' liability insurance ("D&O Insurance") which provides Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors, if Indemnitee is a director; or of the Company's officers, if Indemnitee is not a director of the Company but is an officer.

(b) Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or the Indemnitee is covered by similar insurance maintained by a subsidiary or parent of the Company.

(c) If, at the time of the receipt of a notice of a claim pursuant to SECTION 8 hereof, the Company has D&O Insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

10. DEFENSE OF CLAIM.

In the event that the Company shall be obligated under SECTION 6 hereof to pay the Expenses of any Proceeding against Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such Proceeding, with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding, provided that (i) Indemnitee shall have the right to employ her counsel in any such Proceeding at Indemnitee's expense; and (ii) if (A) the employment of counsel by Indemnitee has been previously authorized by the Company, or (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of such defense or (C) the Company shall not, in fact, have employed counsel to assume the defense of such Proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

11. ATTORNEYS' FEES.

In the event that Indemnitee or the Company institutes an action to enforce or interpret any terms of this Agreement, the Company shall reimburse Indemnitee for all of the Indemnitee's reasonable fees and expenses in bringing and pursuing such action or defense, unless as part of such action or defense, a court of competent jurisdiction determines that the material assertions made by Indemnitee as a basis for such action or defense were not made in good faith or were frivolous.

12. CONTINUATION OF OBLIGATIONS.

All agreements and obligations of the Company contained herein shall continue during the period the Indemnitee is a director or officer of the Company, or is or was serving at the request of the Company as a director, officer, fiduciary, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, and shall continue thereafter so long as the Indemnitee shall be subject to any possible proceeding by reason of the fact that Indemnitee served in any capacity referred to herein.

13. SUCCESSORS AND ASSIGNS.

This Agreement establishes contract rights that shall be binding upon, and shall inure to the benefit of, the successors, assigns, heirs and legal representatives of the parties hereto.

14. NON-EXCLUSIVITY.

(a) The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed to be exclusive of any other rights that the Indemnitee may have under any provision of law, the Company's Articles of Incorporation or Bylaws, the vote of the Company's shareholders or disinterested directors, other agreements or otherwise, both as to action in her official capacity and action in another capacity while occupying her position as a director or officer of the Company.

(b) In the event of any changes, after the date of this Agreement, in any applicable law, statute, or rule which expand the right of a Nevada corporation to indemnify its officers and directors, the Indemnitee's rights and the Company's obligations under this Agreement shall be expanded to the full extent permitted by such changes. In the event of any changes in any applicable law, statute or rule, which narrow the right of a Nevada corporation to indemnify a director or officer, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder.

15. EFFECTIVENESS OF AGREEMENT.

To the extent that the indemnification permitted under the terms of certain provisions of this Agreement exceeds the scope of the indemnification provided for in the Nevada Revised Statutes, such provisions shall not be effective unless and until the Company's Articles of Incorporation authorize such additional rights of indemnification. In all other respects, the balance of this Agreement shall be effective as of the date set forth on the first page and may apply to acts of omissions of Indemnitee which occurred prior to such date if Indemnitee was an officer, director, employee or other agent of the Company, or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, at the time such act or omission occurred.

16. SEVERABILITY.

Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. The provisions of this Agreement shall be severable as provided in this SECTION 16. If this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify Indemnitee to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms.

17. GOVERNING LAW.

This Agreement shall be interpreted and enforced in accordance with the laws of the State of Nevada, without reference to its conflict of law principals. To the extent permitted by applicable law, the parties hereby waive any provisions of law which render any provision of this Agreement unenforceable in any respect.

18. NOTICE.

All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee or (ii) if mailed by certified or registered mail with postage prepaid, on the third business day after the mailing date. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

19. MUTUAL ACKNOWLEDGMENT.

Both the Company and Indemnitee acknowledge that in certain instances, federal law or applicable public policy may prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the appropriate state or federal regulatory agency to submit for approval any request for indemnification, and has undertaken or may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

20. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

21. AMENDMENT AND TERMINATION.

No amendment, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by both parties hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year set forth above.

COMPANY:

INDEMNITEE:

NOVASTAR RESOURCES LTD.

By: /s/ Seth Grae

/s/ Daniel B. Magraw, Jr.

Name: SETH GRAE

Title: CHIEF EXECUTIVE OFFICER

Address: 8300 Greensboro Drive, Suite 800
McLean, VA 22102

DANIEL B. MAGRAW, JR.

Address:

Statement
Concerning Circumstances Surrounding
Cornelius Milmoec's
Departure from Thorium Power, Ltd.

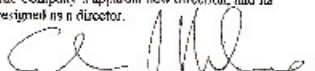
I have resigned as a director of Thorium Power, Ltd. CEO Seth Gray advised me on October 9, 2006 that the Company was going to remove me as Chief Operating Officer and initiate shareholder action to remove me as a Director. I disagree with this decision, and urge Company decisions, but I do not have the resources to fight the removal as COO, and do not think it is in the best interests of the Company to engage in a proxy solicitation regarding the directorship. This statement explains my reasons for resigning as a Director.

In the Spring of 2005, I first became involved with Thorium Power to help implement its plan to commercialize its patented technology to dispose of plutonium. Since early April, 2006, I have served the Company as a Director and its Chief Operating Officer. Numerous Company SEC filings, press releases, and representations to investors have described my years of experience with the nuclear industry and in non-proliferation projects and emphasized my prospective role in the commercialization of the Company's patented nuclear technology. This technology has great promise for the elimination of weapons grade plutonium, particularly in cooperation with US and Russian government agencies. The Company raised \$15 million in a May 2006 private placement primarily for that purpose, as described in SEC filings and meetings with fund managers. Since April, it has spent virtually no money in Russia on technology development. I believed the delay in implementing these projects was attributable to the need for management to focus on actions required to close the merger between Thorium Power, Inc. and Novastar Resources. I looked forward to the closing as the date on which the Company and I could begin to focus on technology development and commercialization. On October 9, the first business day after the merger, I was told by Gray that I was being removed as COO without cause unless I resigned and signed a separation agreement containing a release of claims. I did not resign, and later that evening Gray removed a Board meeting for October 16, 2006 for the stated purpose of considering my removal as a director and from the position of COO. I have not resigned but I consider myself to have been removed from the COO position without cause.

After October 9, I tried to determine whether there was a rule inside the Company for me to continue to lead the technology development and commercialization effort. Gray has made it clear that this will not be possible for me as an employee, and that in no case would I be allowed to continue as COO. I have full confidence that the Company is committed to this key mission. Instead, the Company has spent or committed investor funds on:

- Operational expenses, such as legal fees, investor relations, public relations, and staff compensation, including a generous bonus to Gray;
- Projects, such as the Texas HTR advanced reactor and a possible advanced reactor in Poland that offer little hope of financial success or the development of proprietary technology; and
- Potential acquisitions of businesses outside its core mission and publicly announced plan of developing its patented technology.

For the reasons stated and because I disagree with the Company's apparent new direction, and its termination of my employment agreement, I have resigned as a director.


Cornelius J. Milmoec

STATEMENT OF THE BOARD OF DIRECTORS OF THORIUM POWER, LTD.
IN RELATION TO CORNELIUS J. MILMOE

Introduction

The board of directors of Thorium Power, Ltd. (the "Company") is providing this statement in connection with the recent resignation of Cornelius J. Milmoie from the board of directors of the Company and the board's removal of Mr. Milmoie from the office of Chief Operating Officer of the Company. On October 17, 2006, in connection with his resignation from the board of directors of the Company, Mr. Milmoie delivered to the Company a letter outlining certain disagreements that Mr. Milmoie has with the Company. This statement also responds to Mr. Milmoie's letter.

Background

Mr. Milmoie was originally asked to be a director of the Company in December of 2005 before the current management team was put in place. The Company filed a current report on Form 8-K announcing his appointment as a director on December 23, 2005 in which the Company stated that his position as a director became effective on December 20, 2005. To the Company's knowledge, Mr. Milmoie had consented to being appointed as a director and never objected to the filing of the current report on Form 8-K. However, thereafter, when board action was required on various matters, it is the Company's understanding that Mr. Milmoie refused to participate as a board member notwithstanding his appointment to the board because the Company did not have directors and officers liability insurance in place. Mr. Milmoie continued to refuse to participate in board meetings until April 2, 2006 after the current management of the Company was put into place and after directors and officers liability insurance had been obtained.

Mr. Milmoie was reappointed to the board on April 2, 2006 and was appointed by the board to the position of Chief Operating Officer on April 4, 2006. The terms of Mr. Milmoie's employment as Chief Operating Officer are governed by the terms of an employment agreement, dated June 6, 2006. The employment agreement was filed by the Company as Exhibit 10.1 to a current report on Form 8-K filed by the Company with the SEC on June 13, 2006.

After some months of operation, however, on several occasions during the period from April, 2006 through October, 2006, Seth Grae, the Chief Executive Officer of the Company, had conversations with Mr. Milmoie regarding his position as a director and his employment as Chief Operating Officer. During these conversations, Mr. Grae suggested that Mr. Milmoie resign from the board and take on a consulting, instead of an employment, role with the Company. Mr. Grae explained to Mr. Milmoie that management of the Company desired to have more independent directors on the board and fewer employee directors like Mr. Milmoie. Mr. Grae also explained to Mr. Milmoie that the Company is developing into a nuclear energy company with a broader potential business scope than had been previously anticipated. Mr. Grae explained to Mr. Milmoie that the Company is changing and would now need a Chief Operating Officer with more operations experience than Mr. Milmoie, who, to the Company's knowledge, had never been employed in the role of Chief Operating Officer or its equivalent before.

During the same period that Mr. Grae had meetings with Mr. Milmoie to discuss the modification of his relationship with the Company, members of the board of directors and management also met to discuss Mr. Milmoie's performance as Chief Operating Officer of the Company. The conclusion of management and all of the board members (other than Mr. Milmoie) was that it was in the best interests of the Company to remove Mr. Milmoie from his position as Chief Operating Officer and ask Mr. Milmoie for his resignation from the board. The Company was also prepared to seek stockholder approval of Mr. Milmoie's removal from the board in the event that Mr. Milmoie would have refused to resign from his position as a board member.

Accordingly, on October 9, 2006, Mr. Grae asked Mr. Milmoie to meet with him and Louis Bevilacqua of Thelen Reid & Priest LLP, the Company's outside legal counsel, at the offices of Thelen Reid & Priest LLP. At this meeting, Mr. Grae told Mr. Milmoie again that management and all of the board members (other than Mr. Milmoie himself) believed it necessary that Mr. Milmoie no longer act as Chief Operating Officer of the Company nor as a director of the Company. Mr. Grae told Mr. Milmoie that the Company had every intention of paying Mr. Milmoie the full severance amount that he is entitled to under his employment agreement. The Company then told Mr. Milmoie that if he were to resign from his position as a director and Chief Operating Officer, the Company would pay him his full severance, put out a press release thanking him for his service to the Company, and provide Mr. Milmoie with a recommendation letter. Mr. Grae stated, however, that if Mr. Milmoie refused to resign from these positions that the board of directors would hold a meeting the following week to remove Mr. Milmoie from his position as Chief Operating Officer and would adopt resolutions authorizing the Company to hold a stockholders meeting at which the stockholders of the Company would vote on Mr. Milmoie's removal as a director of the Company. The Company also provided Mr. Milmoie with notice of the board meeting, which was to be held on October 16, 2006, and copies of the resolutions that were proposed to be adopted at such meeting by the board.

Mr. Milmoie thereafter retained a legal counsel to review this matter for him. Less than a half an hour before the scheduled board meeting, Mr. Milmoie's legal counsel provided the Company with a list of demands sought by Mr. Milmoie in exchange for his resignation from the positions of Chief Operating Officer and as a director of the Company. Mr. Milmoie is entitled to aggregate cash severance payments under his employment agreement in the total amount of \$200,000 made in regular installments over the course of a year; Mr. Milmoie demanded, however, an immediate lump sum payment and other payments that in the aggregate would have been in excess of \$600,000.

Mr. Milmoie's list of demands was received just prior to the board meeting. The board deferred the decision on the resolution regarding Mr. Milmoie's removal to a later time to consider the list of demands. The board then attended to other company business at the meeting and did not further discuss Mr. Milmoie's removal. Management thereafter made attempts to negotiate with Mr. Milmoie regarding the extent of his demands and even sought to structure an alternative consulting relationship between Mr. Milmoie and the Company. These negotiations failed and Mr. Milmoie sent the Company a letter resigning as a director of the Company. Immediately after receiving his resignation as a director, the board of directors convened a meeting at which it decided to accept Mr. Milmoie's resignation and approved the resolution removing Mr. Milmoie from his position as Chief Operating Officer. The Company also notified Mr. Milmoie that he would be paid severance in accordance with his employment agreement.

Response to Statements in Mr. Milmo's Letter

Paragraph 2

Mr. Milmo begins his second paragraph with a description of his presumed role at the company. Mr. Milmo implies in this paragraph that it is because of his experience and his involvement that investors invested in the Company. We disagree with this assertion. The Company's management team and advisory board members include some of the most experienced people in the nuclear power industry. This talented group of people and the Company's technology and business plan have allowed the Company to attract capital. The Company believes it will ultimately be able to execute its business plan because of its management team and advisory board members. Mr. Milmo only attended meetings with potential investors over a two-day period. Other than those investors who had already invested in the Company prior to Mr. Milmo's involvement, none of the investors attending those meetings actually invested in the Company

Mr. Milmo also states in the second paragraph of his letter that, "This technology has great promise for the elimination of weapons grade plutonium, particularly in cooperation with US and Russian government agencies." We agree with the statement regarding the promise of the Company's technology. However, we disagree with Mr. Milmo's statement that since April, the Company has spent virtually no money in Russia on technology development. The funds spent in Russia relating to this technology in recent periods have largely been provided by the United States government. The Company hopes and expects the U.S. government will be supportive of its project and will help with its future funding. The Company's plan has always been to work cooperatively with the government to fund technology development. The Company believes that it is better to spend government funds, when available, on this project rather than using the monies raised from investors. The Company raised the money on this basis and the investors and public are aware that this is the Company's plan. Since the Company's technology can help meet United States policy goals of eliminating plutonium and also U.S. government goals in the areas of nuclear non-proliferations and waste mitigation, many key figures in the U.S. government support our project and help to fund our project.

Technology development in this area is of extreme importance to the Company. The Company has always focused on its technology development and commercialization, and will continue to do so. In fact, during the period described in the second paragraph of Mr. Milmo's letter, the Company's Executive Vice President - International Nuclear Operations, spent in total almost a month in Russia working on matters relating to the development of the Company's technology and has prepared reports and other materials on the matter. Also, during such period, management and the board of directors of the Company have spent countless hours discussing technology development and the status of the Company's operations in Russia and have taken steps toward progress in this area.

Paragraph 3

Mr. Milmoie then states that the Company has spent funds on “Overhead expenses, such as legal fees, investor relations, public relations and staff compensation . . .” The referenced overhead expenses were incurred in furtherance of the Company’s business goals. The Company is in a period of growth and is poised to utilize the talent of its experienced management team and advisory board members to become a significant participant in the nuclear power industry. The Company has also just recently completed the acquisition of Thorium Power, Inc. Management is working hard to execute on its business plan and also to provide the public with information regarding the Company and its mission.

At the end of Mr. Milmoie’s statement about how corporate funds were spent, Mr. Milmoie states that a “generous bonus” was paid to Mr. Grae. However, the Company has not paid any cash bonus to Mr. Grae or any current officer or director of the Company. Under the terms of Mr. Grae’s employment with the Company, he received a share grant award and stock options with an exercise price of \$0.795 cents (an exercise price that is well above the current market price of the Company’s stock).

The board of directors disagrees with Mr. Milmoie’s statements about monies being spent on the Texas and Polish projects showing little hope of financial success or the development of proprietary technology. The Company is working on these projects with reputable strategic partners. The Company believes that these projects will benefit the Company’s mission of ultimately deploying its fuel designs for use in reactors in several countries.

Regarding Mr. Milmoie’s last comment, the board of directors generally agrees that the Company’s core mission includes development of its patented technology. The mission also includes commercialization of the Company’s patented technology and nuclear non-proliferation goals.

###

Jack Ladd joins the Board of Thorium Power Ltd.

Appointment Adds Financial Knowledge to Nuclear Energy Company

McLean, VA. October 23, 2006 - Thorium Power Ltd. (OTCBB:THPW) today announced the appointment of Jack Ladd, the Director of the John Ben Shepperd Leadership Institute of the University of Texas, Permian Basin to its Board of Directors.

Seth Grae, President and CEO of Thorium Power stated, "We are honored to have an individual of the caliber of Jack Ladd join our board. Jack brings with him a wealth of knowledge and experience in government, law and especially securities matters. As the Chairman of the Texas State Securities Board, Jack is among the premier securities experts in the country. He also is a prime mover behind the University of Texas' initiative to become the host for a teaching and research nuclear reactor that will adapt advanced practices to practical use. Thorium Power is honored to be a partner in this initiative." Grae continued, "Thorium Power seeks to change the way the public perceives nuclear power by working to develop safe, cost effective fuels that cannot be used for weapons production and which minimize waste. The addition of Mr. Ladd strengthens a board committed to achieving this mission."

Jack D. Ladd is the Director of the John Ben Shepperd Leadership Institute of the University of Texas, Permian Basin. He is also the Chairman of the Texas State Securities Board. Mr. Ladd has almost three decades of experience in public affairs, law, governance, and public service. As a practicing attorney for 28 years, he has served on numerous civic, educational, religious and governmental boards and committees. He holds the Doctor of Jurisprudence degree from The University of Texas in Austin and a B.A. from the University of Texas in Austin.

About Thorium Power Ltd.

Thorium Power Ltd. is involved in the nuclear power sector. Its focus is on technologies and services that will benefit from, and help lead to, expanded use of nuclear power generation. The company has assembled an International Advisory Board comprised of key national and international leaders in the fields of Nuclear Energy, Finance, Government Affairs, Non-proliferation and Diplomacy. Thorium Power Ltd. also has put together a Technical Advisory Board made up of top scientists and practitioners from the world's major nuclear companies. Thorium Power Inc., a wholly owned subsidiary of Thorium Power Ltd., is a leading developer of proliferation resistant nuclear fuel technologies. Thorium Power Inc. designs nuclear fuels, obtains patent protection on these fuels, and coordinates fuel development with commercial entities and governments. The company has been working in Russia with Russian nuclear engineers and scientists for over a decade.

For more information:

Peter Charles
Thorium Power Ltd.
Ph: (703) 918-4932
Email: ir@thoriumpower.com

Daniel B. Magraw joins the Board of Thorium Power Ltd.

Appointment Signals Nuclear Energy Company's Continued Interest in the Environment

McLean, VA. October 23, 2006 - Thorium Power Ltd. (OTCBB:THPW) today announced the appointment of Daniel Barstow Magraw, Jr., President and CEO of the Center for International Environmental Law (CIEL) to its Board of Directors.

Seth Grae, President and CEO of Thorium Power stated, "We are honored to have Daniel Magraw join our board. Dan is one of the most respected and influential voices on global environmental issues today and he has worked tirelessly to find creative and practical solutions to the most pressing challenges of our time." Grae continued, "Dan served for many years on the board of our subsidiary company, Thorium Power, Inc., and his counsel and advice has proven invaluable to us. The perspective he brings ensures that our mission - to develop nuclear energy in environmentally sound ways that guard against proliferation and minimize waste - remains foremost in our minds. The addition of Mr. Magraw gives our Board a viewpoint that may be unique in the nuclear industry."

Daniel Barstow Magraw, Jr. is a leading expert on international environmental law and policy. Mr. Magraw is President and CEO of the Center for International Environmental Law (CIEL). From 1992-2001, he was Director of the International Environmental Law Office of the US Environmental Protection Agency. He is a member of the U.S. Department of State Study Group on International Business Transactions and was Chair of the 15,000-member Section of International Law and Practice of the American Bar Association. He practiced international law, constitutional law, and bankruptcy law at Covington & Burling in Washington, DC from 1978-1983. Mr. Magraw is a widely-published author in the field of international environmental law. He is a graduate of Harvard University and the University of California, Berkeley Law School. Since 1996, Mr. Magraw has been a member of the board of directors of Thorium Power Inc., which is now a wholly-owned subsidiary of the Company.

About Thorium Power Ltd.

Thorium Power Ltd. is involved in the nuclear power sector. Its focus is on technologies and services that will benefit from, and help lead to, expanded use of nuclear power generation. The company has assembled an International Advisory Board comprised of key national and international leaders in the fields of Nuclear Energy, Finance, Government Affairs, Non-proliferation and Diplomacy. Thorium Power Ltd. also has put together a Technical Advisory Board made up of top scientists and practitioners from the world's major nuclear companies. Thorium Power Inc., a wholly owned subsidiary of Thorium Power Ltd., is a leading developer of proliferation resistant nuclear fuel technologies. Thorium Power Inc. designs nuclear fuels, obtains patent protection on these fuels, and coordinates fuel development with commercial entities and governments. The company has been working in Russia with Russian nuclear engineers and scientists for over a decade.

For more information:

Peter Charles
Thorium Power Ltd.
Ph: (703) 918-4932
Email: ir@thoriumpower.com

Thorium Power Announces that Board of Directors Approve Share Repurchase Program Effective Immediately

Washington D.C. (10/17/06) Thorium Power Ltd. (OTCBB: THPW) has today announced that its Board of Directors ("BOD") has ratified a share buyback program for an aggregate of \$1,000,000 over the next 12 months, with \$250,000 to be repurchased immediately. At the discretion of the CEO Seth Grae, the Company may effect further share repurchases over the course of the year depending on valuation of the Company reflected in the share price. The Company believes strongly in its underlying fundamentals and believes that recent volatility in the share price has created an opportunity for a buyback.

Thorium Power Chairman Ambassador Thomas Graham Jr. commented "The Board of Directors has made this decision in response to an unwarranted decline in our share price. The Company is making great progress on a number of fronts and we wish to demonstrate to shareholders that management continues to have great confidence in future prospects. While we cannot control short term trading volatility, we can capitalize on great value we believe has been created by the lower valuation."

The Company is also disclosing that no current Thorium Power officers or directors have sold or plan to sell any shares at this time.

About Thorium Power Ltd.

Thorium Power Ltd. is involved in the nuclear power sector. Its focus is on technologies and services that will benefit from, and help lead to, expanded use of nuclear power generation. The company has assembled an International Advisory Board comprised of key national and international leaders in the fields of Nuclear Energy, Finance, Government Affairs, Non-proliferation and Diplomacy. Thorium Power Ltd. also has put together a Technical Advisory Board made up of top scientists and practitioners from the world's major nuclear companies. Thorium Power Inc., a wholly owned subsidiary of Thorium Power Ltd., is a leading developer of proliferation resistant nuclear fuel technologies. Thorium Power Inc. designs nuclear fuels, obtains patent protection on these fuels, and coordinates fuel development with commercial entities and governments. The company has been working in Russia with Russian nuclear engineers and scientists for over a decade.

DISCLAIMER

This press release may include certain statements that are not descriptions of historical facts, but are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements may include the description of our plans and objectives for future operations, assumptions underlying such plans and objectives, statements regarding benefits of the proposed merger and other forward-looking terminology such as "may", "expects", "believes", "anticipates", "intends", "expects", "projects" or similar terms, variations of such terms or the negative of such terms. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements made herein. These risks, as well as other risks associated with the merger, will be more fully discussed in any joint proxy statement or prospectus or other relevant document filed with the Securities and Exchange Commission in connection with the proposed merger. Such information is based upon various assumptions made by, and expectations of, our management that were reasonable when made but may prove to be incorrect. All of such assumptions are inherently subject to significant economic and competitive uncertainties and contingencies beyond our control and upon assumptions with respect to the future business decisions which are subject to change. Accordingly, there can be no assurance that actual results will meet expectations and actual results may vary (perhaps materially) from certain of the results anticipated herein.

For more information:

Peter Charles
Thorium Power Ltd.
Ph: (703) 918-4932
Email: ir@thoriumpower.com
