

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 Exchange Act of 1934

Date of Report (Date of Earliest event Reported): January 5, 2007 (January 1, 2007)

THORIUM POWER, LTD.

(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of
of incorporation)

000-28535
(Commission
File Number)

91-1975651
(I.R.S. Employer
Identification 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 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On January 1, 2007, Thorium Power, Ltd. (the “Company”) entered into a consulting agreement with SEC Audit Prep Inc. (the “Consultant”) (the “Consulting Agreement”) pursuant to which Larry Goldman, the controlling stockholder of the Consultant and its only U.S. based employee, will be the Acting Chief Financial Officer and Treasurer of the Company until a permanent Chief Financial Officer is appointed, and thereafter, Mr. Goldman will provide financial consulting services and internal audit services to the Company, and will perform SOX 404 compliance, SEC compliance, audit preparation for external auditors and such other similar tasks as Company may request. Under the terms of the Consulting Agreement, the Company agreed to pay to the Consultant a monthly fee of \$16,000, as consideration for his services. In addition, the Company agreed to grant to the Consultant a non-qualified ten-year option for the purchase of 150,000 shares of the common stock of the Company (the “Options”) at an exercise price of \$0.30 per share. The initial term of Consulting Agreement will be two years but will be automatically extended for additional one-year periods unless terminated by either party in accordance with its terms. The Company may terminate the Consultant at its option, for any reason or no reason but must provide the Consultant with 270 days’ written notice before such termination

The Options were granted on January 1, 2007, pursuant to a stock option agreement (the “Option Agreement”) entered into between the Company and the Consultant. The Options will vest in equal monthly installments over a three year period, commencing on January 1, 2007, with accelerated vesting upon a Change of Control or termination of the Consultant by the Company without Cause (both terms as defined in the Option Agreement).

This brief description of the terms of the Consulting Agreement and the Option Agreement is qualified by reference to the provisions of those agreements, attached to this report as Exhibits 10.1 and 10.2, respectively.

On January 5, 2007, the Company entered into a Termination and Release Agreement with Thomas Graham, Jr., a director of the Company, whereby the parties agreed to terminate that certain stock option agreement, dated June 14, 2001, between Thorium Power Inc., now a subsidiary of the Company, and Mr. Graham, by which Mr. Graham was granted the option to purchase 100,000 shares of common stock in Thorium Power Inc. (the “2001 Graham Option”). Following the acquisition of Thorium Power Inc. by the Company, the 2001 Graham Option was converted into an option to purchase 2,562,780 shares of common stock of the Company.

This brief description of the terms of the Termination and Release Agreement is qualified by reference to the provisions of the agreement, attached to this report as Exhibit 10.3.

As consideration for entering into the above described termination and release agreement, the Company granted Mr. Graham 467,242 stock options under the Company’s 2006 Stock Plan by entering into a stock option agreement, dated January 5, 2007 (the “2007 Graham Option”). The 2007 Graham Option vested upon the date of grant and expire on December 15, 2008. The shares underlying the 2007 Graham Option have an exercise price of \$0.30.

This brief description of the terms of the 2007 Graham Option is qualified by reference to the provisions of the agreements, attached to this report as Exhibit 10.4.

ITEM 1.02. TERMINATION OF MATERIAL DEFINITIVE AGREEMENT

Upon entering into the consulting agreement described above under Item 1.01, the Company terminated its existing consulting agreement with Mr. Goldman and SEC Audit Prep, Inc., dated June 13, 2006.

ITEM 3.02. UNREGISTERED SALES OF EQUITY SECURITIES

On January 5, 2007, the Company issued to Seth Grae, its President and Chief Executive Officer, 3,000,000 shares of its common stock as partial consideration for his services during the past year. Additionally, on January 5, 2007, the Company issued to Andrey Mushakov, its Executive Vice President - International Nuclear Operations, 1,000,000 shares of its common stock as partial consideration for his services during the past year.

ITEM 5.02. APPOINTMENT OF PRINCIPAL OFFICERS

Appointments of Directors.

On June 13, 2006, 2006, the Board of Directors of the Company appointed Larry Goldman as Acting Chief Executive Officer and Treasurer. Mr. Goldman will remain in such position under the terms of his new consulting agreement which is described in Item 1.01 above.

Biographical Information

Mr. Goldman became the Treasurer and Acting Chief Financial Officer of the Company on June 13, 2006.

Mr. Goldman is a certified public accountant with over 20 years of auditing, consulting and technical experience as a partner in a mid-size New York City based accounting firm, working with a wide variety of companies, assisting them in streamlining their operations and increasing profitability. Prior to joining Novastar, Mr. Goldman worked as the Chief Financial Officer, Treasurer and Vice President of Finance of WinWin Gaming, Inc. (OTCBB: WNWN), a multi-media developer and publisher of sports, lottery and other games. Prior to joining WinWin, in October 2004, Mr. Goldman was a partner at Livingston Wachtell & Co., LLP and had been with that firm for the past 19 years. Mr. Goldman is also an independent director and audit committee chairman of Winner Medical Group Inc. (OTCBB: WMDG.OB), a China based manufacturer of medical disposable products and surgical dressings. Mr. Goldman has extensive experience in both auditing and consulting with public companies, and has experience providing accounting and consulting services to the Asian marketplace, having audited several Chinese public companies.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

Exhibit No. Description

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|------|--|
| 10.1 | Consulting Agreement dated January 1, 2007 between Thorium Power, Ltd and SEC Audit Prep Inc. |
| 10.2 | Stock Option Agreement dated January 1, 2007 between Thorium Power, Ltd. and SEC Audit Prep Inc. |
| 10.3 | Termination and Release Agreement dated January 5, 2007 between Thorium Power, Ltd. and Thomas Graham, Jr. |
| 10.4 | Stock Option Agreement dated January 5, 2007 between Thorium Power, Ltd. and Thomas Graham, Jr. |
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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, in the City of Reno, Nevada on January 5, 2007.

THORIUM POWER, LTD.

By: /s/ Seth Grae

Seth Grae
President and Chief Executive Officer

EXHIBIT INDEX

- 10.1 Consulting Agreement dated January 1, 2007 between Thorium Power, Ltd and SEC Audit Prep Inc.
 - 10.2 Stock Option Agreement dated January 1, 2007 between Thorium Power, Ltd. and SEC Audit Prep Inc.
 - 10.3 Termination and Release Agreement dated January 5, 2007 between Thorium Power, Ltd. and Thomas Graham, Jr.
 - 10.4 Stock Option Agreement dated January 5, 2007 between Thorium Power, Ltd. and Thomas Graham, Jr.
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THORIUM POWER, LTD.**CONSULTING AGREEMENT**

CONSULTING AGREEMENT, dated as of January 1, 2007 (the "Agreement"), by and between THORIUM POWER, LTD., a Nevada corporation, having its principal place of business at 8300 Greensboro Drive, Suite 800, McLean, VA 22102 ("Company") and SEC Audit Prep, Inc. ("Consultant").

BACKGROUND

Company desires to retain Consultant to perform the Services (as defined below) and Consultant desires to perform the Services for Company subject to the terms and conditions set forth below. This agreement supersedes the previous consulting agreement between the Consultant and Novastar Resources Ltd.

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter contained, the parties hereto intending to be legally bound hereby agree as follows:

1. THE SERVICES.

Subject to the terms of this Agreement, Consultant agrees to act as a consultant on behalf of Company and perform the following services (the "Services"):

The Consultant will be the Treasurer and Acting Chief Financial Officer of the Company for a period of time until a Chief Financial Officer is appointed. After a Chief Financial Officer is appointed, the Consultant will become the Treasurer and Financial Consultant providing financial consulting services such as processing all bills for payment and maintaining the company's books and records, preparing monthly reports for management and the Board, preparing quarterly and annual Securities Exchange Act of 1934 reports, review significant events and changes of accounting rules that effect the company, interface with the auditors in answering questions and assisting them in getting their work completed timely, participate in audit committee meetings and answer audit committee questions, perform an internal audit function where needed, and working to institute the highest level of corporate governance for the Company, as well as other functions customary to the office of Treasurer. In addition, the Consultant shall help perform the SOX 404 compliance work and prepare the audit and quarterly review preparation binders for the external auditors and such other similar tasks as the Company may request. Any M&A work, due diligence work or other special projects outside the scope of the above mentioned services will be charged at a mutually agreeable hourly rate.

2. TERM.

The initial term of this Agreement shall be for a period of two years; provided, however, that this Agreement shall automatically be extended for additional periods of one (1) year unless terminated by either party in accordance with Section 5. In the event of the termination of this Agreement, Consultant shall promptly return to Company any and all documents or materials in whatever form or medium, and all copies made thereof, which Consultant received from Company for purposes of this Agreement, as well as all Work Product as defined and described in Section 6 of this Agreement.

3. FEES AND REIMBURSEMENT OF CERTAIN EXPENSES.

- a. Company shall pay Consultant a consulting fee (the "Fee") to SEC Audit Prep, Inc. equal to a monthly fee of \$16,000 for Services performed. The Fee shall be payable per invoice every month, no later than the 10th business day following the receipt by Company from the Consultant of an invoice. The Consultant shall be paid a Fee for a minimum of \$16,000 whether or not the Company still requires the Consultant to perform all the Services mentioned above during the contract term.
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- b. The Company shall grant to the Consultant a nonqualified stock option for the purchase of 150,000 shares of the Company's common stock. The option's exercise price will be equal to the fair market value of the Company's Common Stock on the date of grant. The option shall vest in equal monthly installments over a three (3) year period. If the Consultant is terminated without cause or if there is a change of control of the Company, then the option shall vest immediately. The term of the option shall be ten years.
- c. Upon termination of this Agreement for any reason, Consultant expressly understands and agrees that Company's sole obligation shall be to pay Consultant the Fee for Services rendered through the effective date of termination or expiration, including any mandatory notice period.
- d. Reimbursement of any reasonable travel expenses, if any, shall be made according to Company's corporate policy; provided, however, that in no event shall the Fee be paid for travel time. Consultant shall be reimbursed for other reasonable and necessary expenses actually incurred or paid by Consultant during the term or any extension thereof in the performance of the Services within twenty (20) business days of the submission and approval by Company of expense statements, vouchers, or other supporting information reasonably acceptable to Company. Any travel expenses in excess of \$2,000 in each instance shall require prior approval by the Company.
- e. Consultant shall not be entitled to participate in any fringe benefits or privileges given or extended by Company to its officers and employees, including without limitation, medical benefits, retirement plans or stock options. Consultant shall be responsible for the payment of all federal, state and local taxes including, without limitation, withholding and sales taxes, and, at the request of Company, Consultant shall provide to Company evidence that all of such payments have been made. Such evidence may include, at Company's option, a written statement by Consultant that Consultant has timely and appropriately paid and withheld all appropriate taxes. Consultant warrants and represents that Consultant has complied with, and covenants that during the term of this Agreement or any extension thereof, Consultant shall continue to comply with all laws, rules and regulations required by appropriate government authorities for independent contractors, including the appropriate withholding, reporting and payment of all required taxes. Consultant shall indemnify and hold Company harmless from and against any claims, damages, debts, obligations, liabilities and expenses (including, without limitation, attorney's fees and expenses and court costs) arising out of Consultant's failure to perform any covenant contained in, or Consultant's breach of any representation or warranty set forth in, this Section.

4. DUTIES AND EXTENT OF SERVICES

Upon the execution of this Agreement and throughout its term or any extension thereof, Consultant shall assume the position of Treasurer and Financial Consultant to Company and the Consultant shall be available at all times necessary or appropriate in order for Consultant to effectively perform the Services. Consultant shall exert Consultant's best efforts and attention to the affairs of Company. Consultant shall notify Company promptly of any other engagement or commitment which could reasonably be expected to interfere or conflict with the performance of Services hereunder.

The work performed above will be done on an as-needed hourly basis, which limits our involvement and knowledge of the daily operations of the company. Because of this, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcation, may exist and may not be detected by us. By signing below the company acknowledges this fact and agrees to indemnify us should any of the above situations occur.

5. TERMINATION

Consultant's engagement hereunder shall terminate at the end of the term or any extension thereof as set forth in Section 2 hereof or sooner upon the occurrence of any of the following events:

- a. The termination of Consultant hereunder by Company at its option, for any reason or no reason, to be exercised by 270 days written notice from Company to Consultant.
- b. Consultant's death.
- c. Upon delivery of written notice by Company to Consultant if Consultant materially breaches this Agreement; provided that the Company gives the Consultant a description of the material breach and at least twenty days to cure the breach.

6. LIMITED LIABILITY

Consultant shall not be liable to the Company, or to anyone who may claim any right due to its relationship with the Company, for any acts or omissions on the part of the Consultant or the agents or the employees of the Consultant in the performance of Consultant's services under this agreement. THORIUM POWER, LTD. shall hold Consultant free and harmless from any obligations, costs, claims, judgments, attorney's fees, or attachments arising from or growing out of the services rendered to the Company.

7. INDEMNIFICATION

THORIUM POWER, LTD. Agrees to indemnify and save harmless the Consultant, as well as Consultant's officers, employees, and agents from all suits, actions, losses, damages, claims, or liability of any character, type or description, including without limiting the generality of the foregoing all expenses of litigation, court costs, and attorney's fees arising out of or occasioned by the acts of THORIUM POWER, LTD., its agents or employees, or occasioned by the acts of Consultant in the execution or performance of the services provided by the Consultant, at any time from the execution date of this Agreement until such time after any pertinent limitations period expires after he termination of this Agreement.

As a part of this indemnification, THORIUM POWER, LTD. agrees to defend and hold harmless Consultant from and against any and all liabilities, excluding gross negligence on the part of the Consultant, arising from the consulting agreement. As such, Consultant shall not be liable to THORIUM POWER, LTD., or anyone who may claim any right due to its relationship with THORIUM POWER, LTD., for any acts or omissions, other than gross negligence, on the part of the Consultant or the agents or employees of the Consultant in the performance of Consultant's services under this Agreement. THORIUM POWER, LTD. shall hold Consultant free and harmless from any obligation, costs, claims, judgments, attorney's fees, or attachments arising from or growing out of the services rendered to the Company.

8. WORK FOR HIRE

- a. The parties acknowledge and agree that all rights, including without limitation ownership, patent and copyright, in any software, materials, reports (including, without limitation, report books, reference materials and other literature relating to Company's products or services or otherwise related to the Services), memoranda, graphics, logos or other work product prepared by Consultant pursuant to the terms of this Agreement, or otherwise for Company (hereinafter the "Work Product") vest in Company. The parties expressly acknowledge that the Work Product was specially ordered or commissioned by Company and further agree that it shall be considered a "Work Made for Hire" within the meaning of the copyright laws of the United States and that Company is entitled, as sole author, to the copyright and all other rights therein, throughout the world, including but not limited to, the right to make such changes therein and such uses thereof, as it may determine in its sole and absolute discretion. If, for any reason, the Work Product is not considered a "work made for hire" under the copyright laws of the United States as aforesaid, then Consultant hereby grants and assigns to Company, its successors and assigns, all of Consultant's right, title and interest in the Work Product, including, but not limited to, the copyright therein throughout the world (and any renewal, extension or reversion copyright now or hereafter provided), and all other rights therein of any nature whatsoever, whether now known or hereafter devised including, but not limited to, the right to make changes therein, and such uses thereof, as Company may determine in its absolute discretion. Consultant also agrees to keep necessary records, made alone or with others during the course of performing Services pursuant to this Agreement, and agrees to furnish Company, upon request, with all such records.
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- b. If Company is unable, after reasonable effort, to secure Consultant's signature on any application for patent, copyright, trademark or other analogous registration or other documents regarding any legal protection relating to a Work Product, whether because of Consultant's physical or mental incapacity or for any other reason whatsoever, Consultant hereby irrevocably designates and appoints Company and its duly authorized officers and agents as Consultant's agent and attorney-in-fact, to act for and in Consultant's behalf and stead to execute and file any such application or applications or other documents and to do all other lawfully permitted acts to further the prosecution and issuance of patent, copyright or trademark registrations or any other legal protection thereon with the same legal force and effect as if executed by Consultant.

9. PROPRIETARY INFORMATION

- a. For purposes of this Agreement, "proprietary information" means information relating to the business of Company or any affiliated or subsidiary entity and shall include (but shall not be limited to) information encompassed in all Work Product, specifications, drawings, graphics, logos, designs, computer programs, source code, object code, models, methodologies, algorithms, user documentation, plans, formulas, proposals, marketing and sale plans, financial information, costs, pricing information, customer information, and all methods, concepts or ideas in or reasonably related to the business of Company or information of customers or clients of Company which Company is required to maintain as confidential.
- b. Consultant agrees to regard and preserve as confidential, all proprietary information, whether or not it has such information in writing, other physical or magnetic form or such information is contained in Consultant's memory or the memory of any of Consultant's agents or employees. Consultant shall not, without written authority from Company to do so, directly or indirectly, use for the benefit or purpose, nor disclose to any other person or entity, either during the term of Consultant's engagement hereunder or thereafter, except as required by the conditions of Consultant's engagement hereunder, any proprietary information.
- c. Consultant shall not disclose any reports, recommendations, conclusions or other results of the Services or the existence or the subject matter of this contract without the prior written consent of Company. In Consultant's performance hereunder, Consultant shall comply with all legal obligations Consultant may now or hereafter have regarding the information or other property of any other person, firm or corporation.
- d. The foregoing obligations of this Paragraph shall not apply to any part of the information that (i) has been disclosed in publicly available sources of information, (ii) is, through no fault of Consultant, hereafter disclosed in publicly available sources of information, (iii) can be demonstrated to Company's satisfaction that it is now in the possession of Consultant without any obligation of confidentiality, or (iv) has been or is hereafter lawfully disclosed to Consultant by a third party, but only to the extent that the use or disclosure thereof has been or is rightfully authorized by that third party.
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10. NO SOLICITATION AND COVENANT NOT TO COMPETE

- a. During the period commencing on the date hereof and ending two (2) years after the termination of Consultant's engagement for any reason (the "Restricted Period"), Consultant shall not directly or indirectly induce, solicit, persuade or entice or attempt to induce, solicit, persuade or entice any of the employees, consultants or agents of Company to leave the employment of Company or to terminate the consultancy or agency relationship with Company, as the case may be.
- b. During the Restricted Period, Consultant shall not, without the written consent of a duly authorized officer of Company: (i) directly or indirectly, whether as principal, agent, stockholder, or in any other capacity, have a financial interest in any company or enterprise which is in competition with any business actively conducted by Company or any of its subsidiaries or affiliates; provided, however, that this shall not be deemed to preclude Consultant from owning not more than 1% of the stock or securities of any corporation, the shares of which are registered under Section 12 of the Securities Exchange Act of 1934, as amended or (ii) directly or indirectly, whether as principal, agent, stockholder, employee, consultant or in any other capacity, provide any services to any company or enterprise which would result in competition with the services, products and technologies sold, licensed or being developed or planned or otherwise contemplated by Company or any of its subsidiaries or affiliates at the time of the termination of this Agreement.
- c. During the Restricted Period, the Consultant shall not, directly or indirectly, induce, solicit, persuade or entice or attempt to induce, solicit persuade or entice any person who is then or has been within the preceding 12-month period a customer or account of Company or any of its affiliates, or any actual customer leads whose identity the Consultant learned of during the term of this Agreement or any extension thereof , to terminate or to adversely alter its contractual or other relationship with Company or any of its affiliates.
- d. During the term or any extension thereof the Consultant shall promptly disclose to Company any business idea or opportunity which falls within Company' line of business or any logical extension thereof, which business idea or opportunity shall become the sole property of Company.
- e. Consultant hereby agrees that each provision herein shall be treated as a separate and independent clause, and the unenforceability of any one clause shall in no way impair the enforceability of any of the other clauses of the Agreement. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable at law, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear. Consultant hereby further agrees that the language of all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning and not strictly for or against either of the parties.

11. INJUNCTIVE RELIEF

Consultant acknowledges that the injury to Company resulting from any violation by Consultant of any of the covenants contained in this Agreement will be of such a character that Company cannot be adequately compensated by money damages, and, accordingly, Company may, in addition to pursuing its other remedies, obtain an injunction from any such violation; and no bond or other security shall be required in connection with such injunction.

12. NOTICES

Any notice of other communication required or which may be given hereunder shall be in writing and shall be delivered personally, telecopied, telegraphed or telexed, or sent by certified, registered or express mail, postage prepaid, to the parties at the addresses set forth in the preamble of this Agreement, or at such other addresses as shall be specified by the parties by like notice, and shall be deemed given when so delivered personally, telecopied, telegraphed or telexed, or if mailed, two days after the date of mailing.

13. NO RESTRICTIONS

Consultant represents to Company, which relies on such representation, that Consultant is free to enter into this Agreement in that Consultant is not under any restrictions from a former employer or business that would preclude Consultant's from making these agreements. Consultant understands that Company does not want Consultant to disclose to it any confidential information that Consultant may have obtained from a former employer, although Consultant is free to use Consultant's general knowledge and past experience in the performance of the Services.

14. GENERAL CONDITIONS

- a. The terms and conditions of Paragraphs 3E, 6, 7, 8, 9, 10, 11 and 12 hereof shall survive the termination of this Agreement or completion of the Services as the case may be.
 - b. Consultant shall not assign this Agreement or delegate Consultant's duties hereunder and shall not subcontract any of the Services to be performed hereunder without the prior written consent of Company. The Consultant may, however, provide Services hereunder through SEC Audit Prep, Inc., an entity controlled by the Consultant, and in such case, Fee payments shall be made to such entity; provided, however, that in such event, the Consultant shall continue to be the primary provider of the Services.
 - c. Consultant shall perform the Services as an independent contractor and shall not be considered an employee of Company or partner, joint venture or otherwise related to Company for any purpose. Accordingly, Consultant may not bind Company to any contract, agreement or arrangement.
 - d. Consultant shall not trade the Company's stock on insider information the Consultant may learn in the course of performing his services under this Agreement. The Consultant agrees to disclose in writing to the Company any changes in the Consultant's ownership position with respect to the Company's stock within five (5) business days after an event involving acquisition or disposition of the Company's stock occurs.
 - e. This Agreement shall be governed by the laws of the State of New York, without regard to its conflicts of laws.
 - f. This Agreement constitutes the entire understanding between the Consultant and Company respecting the Services described herein.
 - g. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
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h. Facsimile execution and delivery of this Agreement is legal, valid and binding execution and delivery for all purposes.

i. The Consultant shall be primarily based in New York; however, the Consultant will travel back and forth to the Washington, DC area, where the executive offices of the Company are based, on an as needed basis. The Consultant expects to travel to Washington, DC at least one time per month.

[signature page follows]

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

Thorium Power, LTD.

Treasurer and Financial Consultant



Larry Goldman

By: /s/ Seth Grae

By: /s/ Larry Goldman

Name: SETH GRAE
Title: President and Chief Executive Officer

Name: SEC Audit Prep, Inc.
Title: President

THORIUM POWER, LTD.

AMENDED AND RESTATED 2006 STOCK PLAN

NOTICE OF GRANT

Capitalized but otherwise undefined terms in this Notice of Grant and the attached Stock Option Agreement shall have the same defined meanings as in the Amended and Restated 2006 Stock Plan (the "Plan").

Name: SEC Audit Prep Inc.

Address: _____

You have been granted an option (the "Option") to purchase Common Stock of the Corporation, subject to the terms and conditions of the Plan and the attached Stock Option Agreement, as follows:

Date of Grant:	January 1, 2007
Vesting Commencement Date:	July 1, 2007
Option Price per Share:	\$0.30
Total Number of Shares Granted:	150,000
Total Option Price:	\$45,000
Type of Option:	Nonqualified Stock Option
Term/Expiration Date:	Five (5) years after Date of Grant

Vesting Schedule:

The Option shall vest, in whole or in part, in accordance with the following schedule:

The Option shall vest with respect to 6/36 of the Total Number of Shares Granted (as specified above) on the Vesting Commencement Date and shall thereafter vest 1/36 on the first day of each month until all shares underlying the Option have vested.

THORIUM POWER, LTD.

AMENDED AND RESTATED 2006 STOCK PLAN

STOCK OPTION AGREEMENT

This **STOCK OPTION AGREEMENT** ("Agreement"), dated as of the 1st day of January, 2007 is made by and between THORIUM POWER, LTD., a Nevada corporation (the "Corporation"), and SEC AUDIT PREP INC. (the "Optionee"), which term as used herein shall be deemed to include any successor to the Optionee by will or by the laws of descent and distribution, unless the context shall otherwise require).

BACKGROUND

Pursuant to the Corporation's Amended and Restated 2006 Stock Plan (the "Plan"), the Corporation, acting through the Committee of the Board of Directors (if a committee has been formed to administer the Plan) or its entire Board of Directors (if no such committee has been formed) responsible for administering the Plan (in either case, referred to herein as the "Committee"), approved the issuance to the Optionee, effective as of the date set forth above, of a stock option to purchase shares of Common Stock of the Corporation at the price (the "Option Price") set forth in the attached Notice of Grant (which is expressly incorporated herein and made a part hereof, the "Notice of Grant"), upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual premises and undertakings hereinafter set forth, the parties hereto agree as follows:

1. Option; Option Price. On behalf of the Corporation, the Committee hereby grants to the Optionee the option (the "Option") to purchase, subject to the terms and conditions of this Agreement and the Plan (which is incorporated by reference herein and which in all cases shall control in the event of any conflict with the terms, definitions and provisions of this Agreement), that number of shares of Common Stock of the Corporation set forth in the Notice of Grant, at an exercise price per share equal to the Option Price as is set forth in the Notice of Grant (the "Optioned Shares"). If designated in the Notice of Grant as an "incentive stock option," the Option is intended to qualify for Federal income tax purposes as an "incentive stock option" within the meaning of Section 422 of the Code. A copy of the Plan as in effect on the date hereof has been supplied to the Optionee, and the Optionee hereby acknowledges receipt thereof.

2. Term. The term (the "Option Term") of the Option shall commence on the date of this Agreement and shall expire on the Expiration Date set forth in the Notice of Grant unless such Option shall theretofore have been terminated in accordance with the terms of the Notice of Grant, this Agreement or of the Plan.

3. Time of Exercise.

(a) Unless accelerated in the discretion of the Committee or as otherwise provided herein, the Option shall become exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Grant. Subject to the provisions of Sections 5 and 8 hereof, shares as to which the Option becomes exercisable pursuant to the foregoing provisions may be purchased at any time thereafter prior to the expiration or termination of the Option.

(b) Anything contained in this Agreement to the contrary notwithstanding, to the extent the Option is intended to be an Incentive Stock Option, the Option shall not be exercisable as an Incentive Stock Option, and shall be treated as a Non-Statutory Option, to the extent that the aggregate Fair Market Value on the date hereof of all stock with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under the Plan and all other plans of the Corporation, its parent and its subsidiaries, if any) exceeds \$100,000.

4. Termination of Option.

(a) The Optionee may exercise the Option (but only to the extent the Option was exercisable at the time of termination of the Optionee's business relationship with the Corporation, its parent or any of its subsidiaries) at any time within three (3) months following the termination of the Optionee's business relationship with the Corporation, its parent or any of its subsidiaries, but not later than the scheduled expiration date. If the termination of the Optionee's business relationship is for cause or is otherwise attributable to a breach by the Optionee of an employment, non-competition, non-disclosure or other material agreement, the Option shall expire immediately upon such termination. If the Optionee is a natural person who dies while in a business relationship with the Corporation, its parent or any of its subsidiaries, this option may be exercised, to the extent of the number of shares with respect to which the Optionee could have exercised it on the date of his death, by his estate, personal representative or beneficiary to whom this option has been assigned pursuant to Section 9 of the Plan, at any time within the twelve (12) month period following the date of death. If the Optionee is a natural person whose business relationship with the Corporation, its parent or any of its subsidiaries is terminated by reason of his disability, this Option may be exercised, to the extent of the number of shares with respect to which the Optionee could have exercised it on the date the business relationship was terminated, at any time within the twelve (12) month period following the date of such termination, but not later than the scheduled expiration date. At the expiration of such three (3) or twelve (12) month period or the scheduled expiration date, whichever is the earlier, this Option shall terminate and the only rights hereunder shall be those as to which the Option was properly exercised before such termination.

(b) Anything contained herein to the contrary notwithstanding, the Option shall not be affected by any change of duties or position of the Optionee (including a transfer to or from the Corporation, its parent or any of its subsidiaries) so long as the Optionee continues in a Business Relationship with the Corporation, its parent or any of its subsidiaries.

5. Procedure for Exercise.

(a) The Option may be exercised, from time to time, in whole or in part (but for the purchase of whole shares only), by delivery of a written notice in the form attached as Exhibit A hereto (the "Notice") from the Optionee to the Secretary of the Corporation, which Notice shall:

(i) state that the Optionee elects to exercise the Option;

(ii) state the number of shares with respect to which the Option is being exercised (the "Optioned Shares");

(iii) state the method of payment for the Optioned Shares pursuant to Section 5(b);

(iv) state the date upon which the Optionee desires to consummate the purchase of the Optioned Shares (which date must be prior to the termination of such Option and no later than 30 days from the delivery of such Notice);

(v) include any representations of the Optionee required under Section 8(b);

(vi) if the Option shall be exercised in accordance with Section 9 of the Plan by any person other than the Optionee, include evidence to the satisfaction of the Committee of the right of such person to exercise the Option; and

(b) Payment of the Option Price for the Optioned Shares shall be made either (i) by delivery of cash or a check to the order of the Corporation in an amount equal to the Option Price, (ii) if approved by the Committee, by delivery to the Corporation of shares of Common Stock of the Corporation having a Fair Market Value on the date of exercise equal in amount to the Option Price of the options being exercised, (iii) by any other means which the Board of Directors determines are consistent with the purpose of the Plan and with applicable laws and regulations (including, without limitation, the provisions of Rule 16b-3 and Regulation T promulgated by the Federal Reserve Board), or (iv) by any combination of such methods of payment. Notwithstanding any provisions herein to the contrary, if the Fair Market Value of one share of Common Stock of the Corporation is greater than the Option Price (at the date of calculation as set forth below), in lieu of paying the Option Price in cash, the Optionee may elect to receive shares equal to the value (as determined below) of the Optioned Shares by delivering notice of such election to the Corporation in which event the Corporation shall issue to the Optionee a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where X = the number of shares of Common Stock to be issued to the Optionee

Y = the number of Optioned Shares

A = the Fair Market Value of one share of Common Stock (at the date of such calculation)

B = Option Price (as adjusted to the date of such calculation)

(c) The Corporation shall issue a stock certificate in the name of the Optionee (or such other person exercising the Option in accordance with the provisions of Section 9 of the Plan) for the Optioned Shares as soon as practicable after receipt of the Notice and payment of the aggregate Option Price for such shares.

6. No Rights as a Stockholder. The Optionee shall not have any privileges of a stockholder of the Corporation with respect to any Optioned Shares until the date of issuance of a stock certificate pursuant to Section 5(c).

7. Adjustments. The Plan contains provisions covering the treatment of options in a number of contingencies such as stock splits and mergers. Provisions in the Plan for adjustment with respect to stock subject to options and the related provisions with respect to successors to the business of the Corporation are hereby made applicable hereunder and are incorporated herein by reference. In general, the Optionee should not assume that options would survive the acquisition of the Corporation.

8. Additional Provisions Related to Exercise.

(a) The Option shall be exercisable only on such date or dates and during such period and for such number of shares of Common Stock as are set forth in this Agreement.

(b) To exercise the Option, the Optionee shall follow the procedures set forth in Section 5 hereof. Upon the exercise of the Option at a time when there is not in effect a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), relating to the shares of Common Stock issuable upon exercise of the Option, the Committee in its discretion may, as a condition to the exercise of the Option, require the Optionee (i) to execute an Investment Representation Statement substantially in the form set forth in Exhibit B hereto and (ii) to make such other representations and warranties as are deemed appropriate by counsel to the Corporation.

(c) Stock certificates representing shares of Common Stock acquired upon the exercise of Options that have not been registered under the Securities Act shall, if required by the Committee, bear an appropriate restrictive legend referring to the Securities Act. No shares of Common Stock shall be issued and delivered upon the exercise of the Option unless and until the Corporation and/or the Optionee shall have complied with all applicable Federal or state registration, listing and/or qualification requirements and all other requirements of law or of any regulatory agencies having jurisdiction.

9. No Evidence of Employment or Service. Nothing contained in the Plan or this Agreement shall confer upon the Optionee any right to continue in employment with the Corporation, its parent or any of its subsidiaries or interfere in any way with the right of the Corporation, its parent or its subsidiaries (subject to the terms of any separate agreement to the contrary) to terminate the Optionee's business relationship or to increase or decrease the Optionee's compensation at any time.

10. Restriction on Transfer. The Option may not be transferred, pledged, assigned, hypothecated or otherwise disposed of in any way by the Optionee, except by will or by the laws of descent and distribution, and may be exercised during the lifetime of the Optionee only by the Optionee. If the Optionee dies, the Option shall thereafter be exercisable, during the period specified in Section 4, by his executors or administrators to the full extent to which the Option was exercisable by the Optionee at the time of his death. The Option shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Option, shall be null and void and without effect. The words "transfer" and "dispose" include without limitation the making of any sale, exchange, assignment, gift, security interest, pledge or other encumbrance, or any contract therefor, any voting trust or other agreement or arrangement with respect to the transfer of any interest, beneficial or otherwise, in the Option, the creation of any other claim thereto or any other transfer or disposition whatsoever, whether voluntary or involuntary, affecting the right, title, interest or possession with respect to the Option.

11. Specific Performance. Optionee expressly agrees that the Corporation will be irreparably damaged if the provisions of this Agreement and the Plan are not specifically enforced. Upon a breach or threatened breach of the terms, covenants and/or conditions of this Agreement or the Plan by the Optionee, the Corporation shall, in addition to all other remedies, be entitled to a temporary or permanent injunction, without showing any actual damage, and/or decree for specific performance, in accordance with the provisions hereof and thereof. The Board of Directors shall have the power to determine what constitutes a breach or threatened breach of this Agreement or the Plan. Any such determinations shall be final and conclusive and binding upon the Optionee.

12. Disqualifying Dispositions. To the extent the Option is intended to be an Incentive Stock Option, and if the Optioned Shares are disposed of within two years following the date of this Agreement or one year following the issuance thereof to the Optionee (a "Disqualifying Disposition"), the Optionee shall, immediately prior to such Disqualifying Disposition, notify the Corporation in writing of the date and terms of such Disqualifying Disposition and provide such other information regarding the Disqualifying Disposition as the Corporation may reasonably require.

13. Notices. All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if (i) personally delivered or sent by telecopy, (ii) sent by nationally-recognized overnight courier or (iii) sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

if to the Optionee, to the address (or telecopy number) set forth on the Notice of Grant; and

if to the Corporation, to its principal executive office as specified in any report filed by the Corporation with the Securities and Exchange Commission or to such address as the Corporation may have specified to the Optionee in writing, Attention: Corporate Secretary;

or to such other address as the party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such communication shall be deemed to have been given (i) when delivered, if personally delivered, or when telecopied, if telecopied, (ii) on the first Business Day (as hereinafter defined) after dispatch, if sent by nationally-recognized overnight courier and (iii) on the third Business Day following the date on which the piece of mail containing such communication is posted, if sent by mail. As used herein, "Business Day" means a day that is not a Saturday, Sunday or a day on which banking institutions in the city to which the notice or communication is to be sent are not required to be open.

14. No Waiver. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition, whether of like or different nature.

15. Optionee Undertaking. The Optionee hereby agrees to take whatever additional actions and execute whatever additional documents the Corporation may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Optionee pursuant to the express provisions of this Agreement.

16. Modification of Rights. The rights of the Optionee are subject to modification and termination in certain events as provided in this Agreement and the Plan.

17. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Nevada applicable to contracts made and to be wholly performed therein, without giving effect to its conflicts of laws principles.

18. Counterparts; Facsimile Execution. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Facsimile execution and delivery of this Agreement is legal, valid and binding execution and delivery for all purposes.

19. Entire Agreement. This Agreement (including the Notice of Grant) and the Plan, and, upon execution, the Notice and Investment Representation Statement, constitute the entire agreement between the parties with respect to the subject matter hereof, and supersede all previously written or oral negotiations, commitments, representations and agreements with respect thereto.

20. Severability. In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

21. WAIVER OF JURY TRIAL. THE OPTIONEE HEREBY EXPRESSLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

[Signature Page Follows]

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

THORIUM POWER, LTD.

By:

Seth Grae
President and Chief Executive Officer

OPTIONEE:

SEC AUDIT PREP INC.

By:

Larry Goldman

[Signature Page to Option Agreement]

NOTE RE: EXHIBITS

EXHIBITS A AND B ARE TO BE SIGNED

WHEN OPTIONS ARE EXERCISED,

NOT WHEN OPTION AGREEMENT IS SIGNED.

THORIUM POWER, LTD.

AMENDED AND RESTATED 2006 STOCK PLAN

EXERCISE NOTICE

Thorium Power, Ltd.
Attention: Chief Executive Officer

1. Exercise of Option. Effective as of today, _____, 20__ , the undersigned (the "Optionee") hereby elects to exercise the Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of Thorium Power, Ltd. (the "Corporation") under and pursuant to the Amended and Restated 2006 Stock Plan (the "Plan") and the Stock Option Agreement dated January 1, 2007 (the "Stock Option Agreement"), with the purchase of the Shares to be consummated on _____, ____ (the "Effective Date"), which date is prior to the termination of the Option and no later than 30 days from the date of delivery of this Notice.

2. Representations of the Optionee. The Optionee acknowledges that the Optionee has received, read and understood the Plan and the Stock Option Agreement and agrees to abide by and be bound by their terms and conditions.

3. Rights as Shareholder: Shares Subject to Stockholders Agreement. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Corporation or of a duly authorized transfer agent of the Corporation), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Corporation shall issue (or cause to be issued) such stock certificate promptly after the Effective Date, provided the applicable price has been paid and the required documents have been received. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as otherwise provided in the Plan. Unless waived by the Corporation in writing, the Shares shall automatically become subject to the terms and conditions of any stockholders agreement or similar agreement to which a majority of the outstanding capital stock of the Corporation is subject at the time of exercise and the Optionee shall sign as a condition to the issuance of the Shares such joinder agreement, signature pages or other documents in order to evidence the Optionee's agreement to be so bound.

4. Tax Consultation. The Optionee understands that the Optionee may suffer adverse tax consequences as a result of the Optionee's purchase or disposition of the Shares. The Optionee represents that the Optionee has consulted with any tax consultants the Optionee deems advisable in connection with the purchase or disposition of the Shares and that the Optionee is not relying on the Corporation for any tax advice.

5. Successors and Assigns. The Corporation may assign any of its rights under the Stock Option Agreement to single or multiple assignees (who may be stockholders, officers, directors, employees or consultants of the Corporation), and this Agreement shall inure to the benefit of the successors and assigns of the Corporation. Subject to the restrictions on transfer set forth in the Stock Option Agreement, this Agreement shall be binding upon the Optionee and his or her heirs, executors, administrators, successors and assigns.

6. Interpretation. Any dispute regarding the interpretations of this Agreement shall be submitted by the Optionee or by the Corporation forthwith to the Committee, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Committee shall be final and binding on the Corporation and on the Optionee.

7. Governing Laws: Severability. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts made and to be wholly performed therein, without giving effect to its conflicts of laws principles. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

8. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given if given in the manner specified in the Stock Option Agreement.

9. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

10. Delivery of Payment. The Optionee herewith delivers to the Corporation the full Option Price for the Shares.

11. Entire Agreement. The Plan, the Notice of Grant, and the Stock Option Agreement are incorporated herein by reference. This Agreement, the Plan, the Notice of Grant, the Stock Option Agreement, and the Investment Representation Statement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Corporation and the Optionee with respect to the subject matter hereof.

Submitted by:

Accepted by:

OPTIONEE:

THORIUM POWER, LTD.

SEC Audit Prep Inc.

By:

By:

LARRY GOLDMAN

Its:

THORIUM POWER, LTD.

AMENDED AND RESTATED 2006 STOCK PLAN

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE : _____
CORPORATION : THORIUM POWER, LTD.
SECURITY : Common Stock
AMOUNT : _____
DATE : _____

In connection with the purchase of the above-listed Securities, the undersigned Optionee represents to the Corporation the following:

(a) The Optionee is aware of the Corporation's business affairs and financial condition and has acquired sufficient information about the Corporation to reach an informed and knowledgeable decision to acquire the Securities. The Optionee is acquiring these Securities for investment for the Optionee's own account only and not with a view to, or for resale in connection with, a "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) The Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Optionee's investment intent as expressed herein. In this connection, the Optionee understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if the Optionee's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future. The Optionee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. The Optionee further acknowledges and understands that the Corporation is under no obligation to register the Securities. The Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Corporation and other legends required under the applicable state or federal securities laws.

Signature of Optionee: _____
LARRY GOLDMAN

Date: _____

TERMINATION AGREEMENT

TERMINATION AND RELEASE AGREEMENT, dated as of January 5, 2007 (this "Agreement"), between THORIUM POWER, LTD., a Nevada corporation (the "Company") and THOMAS GRAHAM, JR. ("Optionee").

BACKGROUND

The parties desire to terminate that certain stock option agreement, dated June 14, 2001, between Thorium Power Inc., now a subsidiary of the Company, and the Optionee, by which the Optionee was granted the option to purchase 100,000 shares of common stock in Thorium Power Inc. (the "Option Agreement"). Following the merger between the Company and Thorium Power Inc., the options to purchase the shares under Option Agreement were converted into options to purchase 2,562,780 shares of common stock in the Company. The board of directors of the Company by written consent, dated as of the date of this Agreement, unanimously resolved to terminate the Option Agreement as of the date hereof through this Agreement. The board of directors also unanimously resolved to grant of 467,242 stock options to the Optionee under a separate agreement in the form of Exhibit A hereto that is being entered into on or about the date hereof.

NOW, THEREFORE, in consideration of the mutual agreements set forth herein and for such other good and valuable consideration the receipt and adequacy of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Termination and Release. The Option Agreement is hereby terminated and of no further force and effect. In consideration of the mutual promises herein contained and such other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, each party hereto hereby releases and forever discharges the other party hereto, its officers, directors, employees, agents and representatives from any and all claims, liabilities, suits and damages arising or in any way related to the Option Agreement and agrees not to commence any such suit or make any such claim against the other party, its officers, directors, employees, agents or representatives. Each party hereto represents and warrants to the other party that he has not made any such claim or suit prior to the date hereof.

2. Grant of New Option. The Company shall grant to the Optionee 467,242 stock options under the Company's 2006 Stock Plan by entering into a Stock Option Agreement that is substantially in the form of Exhibit A hereto.

3. Miscellaneous. This Agreement constitutes the entire agreement between the parties regarding the subject matter hereof and supersedes all prior understandings, agreements, or representations by or between the parties, written or oral, to the extent they related in any way to the subject matter hereof. No changes, modifications, or waivers to this Agreement will be effective unless in writing and signed by both parties. In the event that any provision hereof is determined to be illegal or unenforceable, that provision will be limited or eliminated to the minimum extent necessary so that these terms and conditions shall otherwise remain in full force and effect and enforceable. The terms and conditions of this Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the conflicts of law principles thereof. Neither party may assign its rights or delegate its duties under this Agreement without the express prior written consent of the other party. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which, together, shall constitute one and the same instrument. Facsimile execution and delivery of this Agreement is legal, valid and binding execution and delivery for all purposes.

[signature page follows]

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

THORIUM POWER, LTD:

By:

Seth Grae, President and
Chief Executive Officer

OPTIONEE:

By:

Thomas Graham, Jr.

EXHIBIT A

Stock Option Agreement

(See Attached)

THORIUM POWER, LTD.

AMENDED AND RESTATED 2006 STOCK PLAN

NOTICE OF GRANT

Capitalized but otherwise undefined terms in this Notice of Grant and the attached Stock Option Agreement shall have the same defined meanings as in the Amended and Restated 2006 Stock Plan (the "Plan").

Name: Thomas Graham, Jr.

Address: _____

You have been granted an option (the "Option") to purchase Common Stock of the Corporation, subject to the terms and conditions of the Plan and the attached Stock Option Agreement, as follows:

Date of Grant:	December 15, 2006
Vesting Commencement Date:	December 15, 2006
Option Price per Share:	\$0.30
Total Number of Shares Granted:	467,242
Total Option Price:	\$140,173
Type of Option:	Nonqualified Stock Option
Term/Expiration Date:	Two (2) years after Date of Grant

Vesting Schedule:

The Option shall vest, in whole, immediately upon the grant.

THORIUM POWER, LTD.

AMENDED AND RESTATED 2006 STOCK PLAN

STOCK OPTION AGREEMENT

This **STOCK OPTION AGREEMENT** ("Agreement"), dated as of the 5th day of January, 2007 is made by and between THORIUM POWER, LTD., a Nevada corporation (the "Corporation"), and THOMAS GRAHAM, JR. (the "Optionee"), which term as used herein shall be deemed to include any successor to the Optionee by will or by the laws of descent and distribution, unless the context shall otherwise require).

BACKGROUND

Pursuant to the Corporation's Amended and Restated 2006 Stock Plan (the "Plan"), the Corporation, acting through the Committee of the Board of Directors (if a committee has been formed to administer the Plan) or its entire Board of Directors (if no such committee has been formed) responsible for administering the Plan (in either case, referred to herein as the "Committee"), approved the issuance to the Optionee, effective as of the date set forth above, of a stock option to purchase shares of Common Stock of the Corporation at the price (the "Option Price") set forth in the attached Notice of Grant (which is expressly incorporated herein and made a part hereof, the "Notice of Grant"), upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual premises and undertakings hereinafter set forth, the parties hereto agree as follows:

1. **Option; Option Price.** On behalf of the Corporation, the Committee hereby grants to the Optionee the option (the "Option") to purchase, subject to the terms and conditions of this Agreement and the Plan (which is incorporated by reference herein and which in all cases shall control in the event of any conflict with the terms, definitions and provisions of this Agreement), that number of shares of Common Stock of the Corporation set forth in the Notice of Grant, at an exercise price per share equal to the Option Price as is set forth in the Notice of Grant (the "Optioned Shares"). If designated in the Notice of Grant as an "incentive stock option," the Option is intended to qualify for Federal income tax purposes as an "incentive stock option" within the meaning of Section 422 of the Code. A copy of the Plan as in effect on the date hereof has been supplied to the Optionee, and the Optionee hereby acknowledges receipt thereof.

2. **Term.** The term (the "Option Term") of the Option shall commence on the date of this Agreement and shall expire on the Expiration Date set forth in the Notice of Grant unless such Option shall theretofore have been terminated in accordance with the terms of the Notice of Grant, this Agreement or of the Plan.

3. **Time of Exercise.**

(a) Unless accelerated in the discretion of the Committee or as otherwise provided herein, the Option shall become exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Grant. Subject to the provisions of Sections 5 and 8 hereof, shares as to which the Option becomes exercisable pursuant to the foregoing provisions may be purchased at any time thereafter prior to the expiration or termination of the Option.

(b) Anything contained in this Agreement to the contrary notwithstanding, to the extent the Option is intended to be an Incentive Stock Option, the Option shall not be exercisable as an Incentive Stock Option, and shall be treated as a Non-Statutory Option, to the extent that the aggregate Fair Market Value on the date hereof of all stock with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under the Plan and all other plans of the Corporation, its parent and its subsidiaries, if any) exceeds \$100,000.

4. Termination of Option.

(a) The Optionee may exercise the Option (but only to the extent the Option was exercisable at the time of termination of the Optionee's business relationship with the Corporation, its parent or any of its subsidiaries) at any time within three (3) months following the termination of the Optionee's business relationship with the Corporation, its parent or any of its subsidiaries, but not later than the scheduled expiration date. If the termination of the Optionee's business relationship is for cause or is otherwise attributable to a breach by the Optionee of an employment, non-competition, non-disclosure or other material agreement, the Option shall expire immediately upon such termination. If the Optionee is a natural person who dies while in a business relationship with the Corporation, its parent or any of its subsidiaries, this option may be exercised, to the extent of the number of shares with respect to which the Optionee could have exercised it on the date of his death, by his estate, personal representative or beneficiary to whom this option has been assigned pursuant to Section 9 of the Plan, at any time within the twelve (12) month period following the date of death. If the Optionee is a natural person whose business relationship with the Corporation, its parent or any of its subsidiaries is terminated by reason of his disability, this Option may be exercised, to the extent of the number of shares with respect to which the Optionee could have exercised it on the date the business relationship was terminated, at any time within the twelve (12) month period following the date of such termination, but not later than the scheduled expiration date. At the expiration of such three (3) or twelve (12) month period or the scheduled expiration date, whichever is the earlier, this Option shall terminate and the only rights hereunder shall be those as to which the Option was properly exercised before such termination.

(b) Anything contained herein to the contrary notwithstanding, the Option shall not be affected by any change of duties or position of the Optionee (including a transfer to or from the Corporation, its parent or any of its subsidiaries) so long as the Optionee continues in a Business Relationship with the Corporation, its parent or any of its subsidiaries.

5. Procedure for Exercise.

(a) The Option may be exercised, from time to time, in whole or in part (but for the purchase of whole shares only), by delivery of a written notice in the form attached as Exhibit A hereto (the "Notice") from the Optionee to the Secretary of the Corporation, which Notice shall:

(i) state that the Optionee elects to exercise the Option;

(ii) state the number of shares with respect to which the Option is being exercised (the "Optioned Shares");

(iii) state the method of payment for the Optioned Shares pursuant to Section 5(b);

(iv) state the date upon which the Optionee desires to consummate the purchase of the Optioned Shares (which date must be prior to the termination of such Option and no later than 30 days from the delivery of such Notice);

(v) include any representations of the Optionee required under Section 8(b);

(vi) if the Option shall be exercised in accordance with Section 9 of the Plan by any person other than the Optionee, include evidence to the satisfaction of the Committee of the right of such person to exercise the Option; and

(b) Payment of the Option Price for the Optioned Shares shall be made either (i) by delivery of cash or a check to the order of the Corporation in an amount equal to the Option Price or (ii) by any other means which the Board of Directors determines are consistent with the purpose of the Plan and with applicable laws and regulations (including, without limitation, the provisions of Rule 16b-3 and Regulation T promulgated by the Federal Reserve Board).

(c) The Corporation shall issue a stock certificate in the name of the Optionee (or such other person exercising the Option in accordance with the provisions of Section 9 of the Plan) for the Optioned Shares as soon as practicable after receipt of the Notice and payment of the aggregate Option Price for such shares.

6. **No Rights as a Stockholder.** The Optionee shall not have any privileges of a stockholder of the Corporation with respect to any Optioned Shares until the date of issuance of a stock certificate pursuant to Section 5(c).

7. **Adjustments.** The Plan contains provisions covering the treatment of options in a number of contingencies such as stock splits and mergers. Provisions in the Plan for adjustment with respect to stock subject to options and the related provisions with respect to successors to the business of the Corporation are hereby made applicable hereunder and are incorporated herein by reference. In general, the Optionee should not assume that options would survive the acquisition of the Corporation.

8. **Additional Provisions Related to Exercise.**

(a) The Option shall be exercisable only on such date or dates and during such period and for such number of shares of Common Stock as are set forth in this Agreement.

(b) To exercise the Option, the Optionee shall follow the procedures set forth in Section 5 hereof. Upon the exercise of the Option at a time when there is not in effect a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), relating to the shares of Common Stock issuable upon exercise of the Option, the Committee in its discretion may, as a condition to the exercise of the Option, require the Optionee (i) to execute an Investment Representation Statement substantially in the form set forth in Exhibit B hereto and (ii) to make such other representations and warranties as are deemed appropriate by counsel to the Corporation.

(c) Stock certificates representing shares of Common Stock acquired upon the exercise of Options that have not been registered under the Securities Act shall, if required by the Committee, bear an appropriate restrictive legend referring to the Securities Act. No shares of Common Stock shall be issued and delivered upon the exercise of the Option unless and until the Corporation and/or the Optionee shall have complied with all applicable Federal or state registration, listing and/or qualification requirements and all other requirements of law or of any regulatory agencies having jurisdiction.

9. **No Evidence of Employment or Service.** Nothing contained in the Plan or this Agreement shall confer upon the Optionee any right to continue in employment with the Corporation, its parent or any of its subsidiaries or interfere in any way with the right of the Corporation, its parent or its subsidiaries (subject to the terms of any separate agreement to the contrary) to terminate the Optionee's business relationship or to increase or decrease the Optionee's compensation at any time.

10. **Restriction on Transfer.** The Option may not be transferred, pledged, assigned, hypothecated or otherwise disposed of in any way by the Optionee, except by will or by the laws of descent and distribution, and may be exercised during the lifetime of the Optionee only by the Optionee. If the Optionee dies, the Option shall thereafter be exercisable, during the period specified in Section 4, by his executors or administrators to the full extent to which the Option was exercisable by the Optionee at the time of his death. The Option shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Option, shall be null and void and without effect. The words "transfer" and "dispose" include without limitation the making of any sale, exchange, assignment, gift, security interest, pledge or other encumbrance, or any contract therefor, any voting trust or other agreement or arrangement with respect to the transfer of any interest, beneficial or otherwise, in the Option, the creation of any other claim thereto or any other transfer or disposition whatsoever, whether voluntary or involuntary, affecting the right, title, interest or possession with respect to the Option.

11. **Specific Performance.** Optionee expressly agrees that the Corporation will be irreparably damaged if the provisions of this Agreement and the Plan are not specifically enforced. Upon a breach or threatened breach of the terms, covenants and/or conditions of this Agreement or the Plan by the Optionee, the Corporation shall, in addition to all other remedies, be entitled to a temporary or permanent injunction, without showing any actual damage, and/or decree for specific performance, in accordance with the provisions hereof and thereof. The Board of Directors shall have the power to determine what constitutes a breach or threatened breach of this Agreement or the Plan. Any such determinations shall be final and conclusive and binding upon the Optionee.

12. **Disqualifying Dispositions.** To the extent the Option is intended to be an Incentive Stock Option, and if the Optioned Shares are disposed of within two years following the date of this Agreement or one year following the issuance thereof to the Optionee (a "Disqualifying Disposition"), the Optionee shall, immediately prior to such Disqualifying Disposition, notify the Corporation in writing of the date and terms of such Disqualifying Disposition and provide such other information regarding the Disqualifying Disposition as the Corporation may reasonably require.

13. **Notices.** All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if (i) personally delivered or sent by telecopy, (ii) sent by nationally-recognized overnight courier or (iii) sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

if to the Optionee, to the address (or telecopy number) set forth on the Notice of Grant; and

if to the Corporation, to its principal executive office as specified in any report filed by the Corporation with the Securities and Exchange Commission or to such address as the Corporation may have specified to the Optionee in writing, Attention: Corporate Secretary;

or to such other address as the party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such communication shall be deemed to have been given (i) when delivered, if personally delivered, or when telecopied, if telecopied, (ii) on the first Business Day (as hereinafter defined) after dispatch, if sent by nationally-recognized overnight courier and (iii) on the third Business Day following the date on which the piece of mail containing such communication is posted, if sent by mail. As used herein, "Business Day" means a day that is not a Saturday, Sunday or a day on which banking institutions in the city to which the notice or communication is to be sent are not required to be open.

14. **No Waiver.** No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition, whether of like or different nature.

15. **Optionee Undertaking.** The Optionee hereby agrees to take whatever additional actions and execute whatever additional documents the Corporation may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Optionee pursuant to the express provisions of this Agreement.

16. **Modification of Rights.** The rights of the Optionee are subject to modification and termination in certain events as provided in this Agreement and the Plan.

17. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Nevada applicable to contracts made and to be wholly performed therein, without giving effect to its conflicts of laws principles.

18. **Counterparts; Facsimile Execution.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Facsimile execution and delivery of this Agreement is legal, valid and binding execution and delivery for all purposes.

19. **Entire Agreement.** This Agreement (including the Notice of Grant) and the Plan, and, upon execution, the Notice and Investment Representation Statement, constitute the entire agreement between the parties with respect to the subject matter hereof, and supersede all previously written or oral negotiations, commitments, representations and agreements with respect thereto.

20. **Severability.** In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

21. **WAIVER OF JURY TRIAL.** THE OPTIONEE HEREBY EXPRESSLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

[Signature Page Follows]

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

THORIUM POWER, LTD.

By:

Seth Grae
President and Chief Executive Officer

OPTIONEE:

Thomas Graham, Jr.

[Signature Page to Option Agreement]

NOTE RE: EXHIBITS

EXHIBITS A AND B ARE TO BE SIGNED

WHEN OPTIONS ARE EXERCISED.

NOT WHEN OPTION AGREEMENT IS SIGNED.

THORIUM POWER, LTD.

AMENDED AND RESTATED 2006 STOCK PLAN

EXERCISE NOTICE

Thorium Power, Ltd.
Attention: Chief Executive Officer

1. Exercise of Option. Effective as of today, _____, 20__ , the undersigned (the "Optionee") hereby elects to exercise the Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of Thorium Power, Ltd. (the "Corporation") under and pursuant to the Amended and Restated 2006 Stock Plan (the "Plan") and the Stock Option Agreement dated January 5, 2007, (the "Stock Option Agreement"), with the purchase of the Shares to be consummated on _____, ____ (the "Effective Date"), which date is prior to the termination of the Option and no later than 30 days from the date of delivery of this Notice.

2. Representations of the Optionee. The Optionee acknowledges that the Optionee has received, read and understood the Plan and the Stock Option Agreement and agrees to abide by and be bound by their terms and conditions.

3. Rights as Shareholder; Shares Subject to Stockholders Agreement. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Corporation or of a duly authorized transfer agent of the Corporation), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Corporation shall issue (or cause to be issued) such stock certificate promptly after the Effective Date, provided the applicable price has been paid and the required documents have been received. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as otherwise provided in the Plan. Unless waived by the Corporation in writing, the Shares shall automatically become subject to the terms and conditions of any stockholders agreement or similar agreement to which a majority of the outstanding capital stock of the Corporation is subject at the time of exercise and the Optionee shall sign as a condition to the issuance of the Shares such joinder agreement, signature pages or other documents in order to evidence the Optionee's agreement to be so bound.

4. Tax Consultation. The Optionee understands that the Optionee may suffer adverse tax consequences as a result of the Optionee's purchase or disposition of the Shares. The Optionee represents that the Optionee has consulted with any tax consultants the Optionee deems advisable in connection with the purchase or disposition of the Shares and that the Optionee is not relying on the Corporation for any tax advice.

5. Successors and Assigns. The Corporation may assign any of its rights under the Stock Option Agreement to single or multiple assignees (who may be stockholders, officers, directors, employees or consultants of the Corporation), and this Agreement shall inure to the benefit of the successors and assigns of the Corporation. Subject to the restrictions on transfer set forth in the Stock Option Agreement, this Agreement shall be binding upon the Optionee and his or her heirs, executors, administrators, successors and assigns.

6. Interpretation. Any dispute regarding the interpretations of this Agreement shall be submitted by the Optionee or by the Corporation forthwith to the Committee, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Committee shall be final and binding on the Corporation and on the Optionee.

7. Governing Laws: Severability. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts made and to be wholly performed therein, without giving effect to its conflicts of laws principles. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

8. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given if given in the manner specified in the Stock Option Agreement.

9. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

10. Delivery of Payment. The Optionee herewith delivers to the Corporation the full Option Price for the Shares.

11. Entire Agreement. The Plan, the Notice of Grant, and the Stock Option Agreement are incorporated herein by reference. This Agreement, the Plan, the Notice of Grant, the Stock Option Agreement, and the Investment Representation Statement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Corporation and the Optionee with respect to the subject matter hereof.

Submitted by:

Accepted by:

OPTIONEE:

THORIUM POWER, LTD.

By: _____

Its: _____

THOMAS GRAHAM, JR.

THORIUM POWER, LTD.

AMENDED AND RESTATED 2006 STOCK PLAN

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE : _____
CORPORATION : THORIUM POWER, LTD.
SECURITY : Common Stock
AMOUNT : _____
DATE : _____

In connection with the purchase of the above-listed Securities, the undersigned Optionee represents to the Corporation the following:

(a) The Optionee is aware of the Corporation's business affairs and financial condition and has acquired sufficient information about the Corporation to reach an informed and knowledgeable decision to acquire the Securities. The Optionee is acquiring these Securities for investment for the Optionee's own account only and not with a view to, or for resale in connection with, a "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) The Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Optionee's investment intent as expressed herein. In this connection, the Optionee understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if the Optionee's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future. The Optionee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. The Optionee further acknowledges and understands that the Corporation is under no obligation to register the Securities. The Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Corporation and other legends required under the applicable state or federal securities laws.

Signature of Optionee: _____
THOMAS GRAHAM, JR.

Date: _____
