Thorium Power, Ltd. – News Update
May 16, 2007

Dear Stockholders:

We are pleased to share this latest news update, which includes company news as well as industry-related developments (select articles).

We were encouraged by the recent coverage in *The Sunday Telegraph*, one of Britain's leading and most influential newspapers. Titled "Cleaner fuel for nuclear reactors," Richard Gray's article referenced the ongoing commercialization process at the Kurchatov Institute and noted the many benefits of our technology, concluding that it "could help overcome many of the objections to nuclear energy by producing less radioactive waste." The article went further to define thorium fuel as one of the most viable nuclear options: "Scientists hope that using thorium fuel will help to soften public opposition by presenting a safer alternative to uranium-powered stations, whose waste can remain dangerously radioactive for tens of thousands of years."

As for notable news about our industry, we witnessed some positive developments in India, Australia and Thailand. Concerning the US-India agreement, Undersecretary of State Nicholas Burns noted that the 123 agreement was on track and increasingly "doable" after a series of "excellent" meetings. His editorial in the *Washington Post* acknowledged that more work was needed but concluded that discussions were progressing at a rapid rate. Just a few weeks ago, India's President, A. P. J. Abdul Kalam, reiterated the country's commitment to energy independence, noting that "India has to go in for nuclear power generation in a big way using thorium-based reactors." In Australia, the government continues to push for further investment in nuclear energy with Prime Minister John Howard calling for "immediate support" to help Australia participate in the development of new-generation nuclear reactors. In Bangkok, meanwhile, the UN's Intergovernmental Panel on Climate Change recommended further investment in nuclear and noted the importance of nuclear energy as a "key mitigation technology" in the fight against global warming.

We are encouraged by these positive developments, all of which support our unique positioning as a source of solutions to address the major industry concerns – how to solve proliferation, reduce waste and improve profitability. As always, we will continue to share the latest news and developments.

Very Truly Yours,

Seth Grae

Chief Executive Officer

Thorium Power News

The Sunday Telegraph – Cleaner Fuel for Nuclear Power Stations (04.29.07) – The paper reports on the promise of thorium in delivering a cleaner fuel for nuclear power stations. The article notes the key benefits of the technology, and concludes that it "could help overcome many of the objections to nuclear energy by producing less radioactive waste."

Business Line – NTPC Looking at TN as Location for Nuclear Foray (04.15.07) – The news source reports that NTPC Ltd could kick off its nuclear foray with a 2,000 MWe station in Tamil Nadu, most likely to be located in or near Koodankulam. The article notes that NTPC has been in talks with Russian companies as well as U.S. Thorium Power in its efforts toward easier access to nuclear fuel.

Nuclear News

The Boston Globe – Fixing US-Russia relationship (05.15.07) – The OpEd asserts that Condoleezza Rice's meeting with President Vladimir Putin of Russia should have the goal of alleviating Russian opposition to U.S. ballistic missile defense deployments, and suggests a rethink of the relationship with Russia by focusing on new initiatives where interests converge, including promoting Russia's role in supplying peaceful nuclear energy.

World Nuclear News – **IPCC sees role for nuclear energy (05.04.07)** – The influential industry trade outlet reports on the Intergovernmental Panel on Climate Change and notes the acknowledged role of nuclear energy as a "key mitigation technology" for reducing greenhouse gas emissions and the immediate concerns (safety, weapons proliferation and waste) that might impact growth.

Melbourne Herald Sun – Nuclear hopefuls want some help (05.01.07) – The paper reports that Prime Minister John Howard called for "immediate support" to help Australia participate in the development of new-generation nuclear reactors. It notes that interest in the sector is surging and Australian nuclear companies are pushing the Federal Government to introduce financial incentives for research aimed at more efficient nuclear power generation and waste management.

BBC Monitoring South Asia – Political – Indian president says energy independence "high priority" (04.27.07) – The paper reports on India's President A. P. J. Kalam comments at Greece's National Centre for Scientific Research last month. President Kalam asserted that energy independence is India's first and highest priority and that the country "has to go in for nuclear power in a big way using thorium-based reactors."

India-US Civil Nuclear deal

Agence France Presse – U.S., India eye nuclear breakthrough (05.02.07) – The paper reports on progress in the U.S.-India nuclear deal with both nations declaring that they are inching closer to a breakthrough on nuclear cooperation. The article also notes that U.S. Undersecretary of State Nicholas Burns will travel to India "in the second half of May to reach a final agreement," after what he termed "excellent" meetings.

The Washington Post – 'Heady Times' For India And the U.S. (04.29.07) – U.S. Undersecretary of State Nicholas Burns notes some of the challenges ahead in finalizing the Indo-U.S. nuclear deal but notes the rapid pace of progress between Washington and India. Burns goes on to declare that the deal is so important that "Americans may view India as one of our two or three most important strategic partners" within a generation.

Cleaner Fuel for Nuclear Power Stations
By Richard Gray
The Sunday Telegraph
April 29, 2007

A CLEANER and safer fuel for nuclear power stations will be available within two years, raising the prospect of the Government approving plans to build the next generation of power plants.

Scientists claim it could help overcome many of the objections to nuclear energy by producing less radioactive waste. Unlike the current fuel, which harnesses the decay of enriched uranium into the plutonium used in nuclear weapons, the new material uses the heavy metal thorium which does not produce plutonium.

It is hoped this will allay fears over the security of nuclear waste should it fall into the wrong hands.

The waste from the thorium fuel is also less radioactive, meaning it will be safer and easier to dispose of.

Researchers at Imperial College London are now working with American company Thorium Power to develop ways of exploiting thorium fuel in Britain.

It is already being tested in an experimental reactor at Russia's nuclear research centre, the Kurchatov Institute, in Moscow. Seth Grae, of Thorium Power, said the company planned to use their fuel in a commercial Russian reactor by 2010.

It comes as the Government prepares to publish a White Paper and an accompanying consultation next month on plans to build new nuclear power plants. The Government insists nuclear energy will play a key role in helping the country meet its carbon emission targets and increasing electricity needs over the coming decades.

Scientists hope that using thorium fuel will help to soften public opposition by presenting a safer alternative to uranium-powered stations, whose waste can remain dangerously radioactive for tens of thousands of years.

But experts warn that despite its lower radioactivity, the waste from thorium can still take several hundred years to decay to safe levels.

NTPC Looking at TN as Location for Nuclear Foray
Business Line
April 15, 2007

April 15, 2007 New Delhi, April 14 - NTPC Ltd could kick off its nuclear foray with a 2,000 MWe station in Tamil Nadu, most likely to be located in or near Koodankulam.

The State Government has agreed to provide nearly 1,000 acres of land to NTPC for the project, which is likely to be based on imported uranium.

Koodankulam is also the site where a Nuclear Power Corporation of India Ltd (NPCIL) project is under advanced stages of construction.

"We are still in discussions... the Tamil Nadu Government has offered us land for the project and is eager that the plant be set up in or near Koodankulam," an NTPC official said.

NTPC had been scouting for potential sites in Western and Southern States over the last two years to set up its first nuclear station. Besides Tamil Nadu, the utility has also been looking at Madhya Pradesh and Maharashtra for possible sites. "The primary consideration is that water is available and the area is unpopulated," an NTPC official said.

The Rs 30,000-crore company is also bullish on tying up Russian technology for the first project, with Russian firm Atomstroyexport - which is already extending technical assistance to NPCIL - among the frontrunners. "Russian civilian nuclear technology is still among the best in the world. Currently, only Russia has specific agreements with India, which can be used to expedite our nuclear plans, especially in light of the uncertainties of Indo-US deal negotiations," a senior NTPC official said. Being a State-owned company, it does not have to wait for the Atomic Energy Act to be amended for its nuclear foray, unlike private sector aspirants to the sector. The company has already received a formal Government clearance to enter into nuclear power generation and has amended its articles of association to enter the sector.

Though NTPC is primarily looking at Russian technology in view of easier access to nuclear fuel, the company would wait for the Indo-US civilian nuclear pact and the subsequent Nuclear Suppliers Group agreement to be finalised before deciding on sourcing of uranium imports, officials said.

Besides the Russians, it has been talking to international players such as US firms GE Energy and Thorium Power. The foray into nuclear power is part of the company's strategy to diversify its power generation base. NTPC aims to set up 2,000 MW of nuclear power generation by the middle of the Twelfth Plan. Simultaneously, the company will start work on two power plants of 2,000 MW each.

Fixing US-Russia relationship
By Clifford Kupchan
Op-Ed
The Boston Globe
May 15, 2007

Clifford Kupchan is a director at Eurasia Group, and a former State Department official.

SECRETARY OF State Condoleezza Rice faces a daunting challenge in today's meeting with President Vladimir Putin of Russia. Her immediate goal will be to alleviate Russian opposition to US ballistic missile defense deployments, but she will face a tough audience on this and many other issues.

The secretary's trip also offers an opportunity to rethink a relationship gone wrong, and the Bush administration should focus new initiatives on issues where interests converge.

Stark evidence shows just how assertive and resentful of the United States Moscow has become. In his April 26 State of the Nation address, Putin said Russia might pull out of the Conventional Forces in Europe Treaty because NATO has betrayed its provisions. About 10 weeks earlier, Putin delivered a blistering attack on US policy during a speech in Munich.

Moscow elites are infused with "petro-confidence"; high oil prices and strong economic growth have put a spry spring back in their step. They feel empowered to redress fundamental grievances. Russians believe they have nothing to show for years of pro-US policy, but instead have been rewarded with a policy of neocontainment. Moscow sees the United States setting up ballistic missile defense interceptors and military bases on its borders, fomenting revolutions in neighboring states and supporting construction of oil and gas pipelines that circumvent Russia.

Moscow views the status quo as enshrining its post-Cold War weakness, and the Kremlin is dead set on breaking out of that arrangement. Russia will likely seek to renegotiate arms control agreements and political arrangements that date from its time of troubles - the 1990s. The days of Moscow as Washington's junior partner are over.

Doing business with this Russia won't be easy. But giving up on US-Russian relations, a current predisposition among many elites in both capitals, won't serve either's interest. The world's leading power needs better ties with a Russia that is the leading producer of oil and gas, possesses thousands of nuclear warheads, is a key player in key crises (such as Iran) and - like it or not - will retain significant influence in its energy-rich neighborhood.

Moving forward, Washington should focus on arenas where US and Russian interests align, keep expectations in check, and slowly rebuild ties. First, the United States needs to fundamentally alter its conception of Russia. Moscow is resurgent on key diplomatic issues and Russian business is now influential across the globe. Washington should view Russia as a major nonaligned power - more like China or India than a poor second-tier disciple.

Second, the United States should design a series of initiatives to promote Russia's role in supplying peaceful nuclear energy. Moscow seeks an expanded share of this lucrative market, and the United States can take steps that would be greatly appreciated. Third, the United States should suggest joint initiatives to fight Al Qaeda - especially in Afghanistan. Here's an arena where both need help. Washington faces a resurgent Taliban, while high on Moscow's agenda is the Islamic "threat from the South."

Fourth, there may be a new opening to work together on a solution to the Iran nuclear crisis. Russia's policy toward Iran has changed over the past two months. Moscow has stopped construction of the nuclear reactor in Bushehr, Iran, and elites for the first time talk of supporting harsh sanctions against Tehran. Russians say they are tired of being a foil for Iran at the Security Council while Tehran rejects a myriad of proposals, and Russia is also concerned that its image in the civilian nuclear energy market may be damaged by association with Iran. There's an opening Washington can seize.

Fifth, military transparency can be improved. The United States and Russia are again at loggerheads on a range of strategic and conventional issues. The general staff academies continue to undertake exchanages; given the current degree of mistrust, this type of basic conversation is the best hope to overcome differences on missile defense, the Conventional Forces in Europe Treaty and other strategic flashpoints.

Finally, Washington should allow the market to work its will in joining US and Russian business. US portfolio and corporate investors view Russia as a high-risk, high-reward play - but one worth engaging. Engaging Russia is a difficult but essential task. By focusing on arenas where national interests overlap, a long process of improving ties can begin. Hard-headed cooperation is the best, and perhaps the only, way back.

IPCC sees role for nuclear energy
World Nuclear News
May 04, 2007

Working Group III of the Intergovernmental Panel on Climate Change (IPCC) has published its Summary for Policy Makers report on mitigation of climate change. The report acknowledged the role of nuclear energy as an option for reducing greenhouse gas emissions, but said that safety, weapons proliferation and waste remain as constraints.

Current nuclear power is included as a 'key mitigation technology' in the field of energy supply while advanced nuclear power is considered key for the 2030 timeframe, alongside advanced renewables like tidal and wave energy, concentrating solar and photovoltaics.

The text states: "Given costs relative to other supply options, nuclear power, which accounted for 16% of the electricity supply in 2005, can have an 18% share of the total electricity supply in 2030 at carbon prices up to 50 US$/tCO2-eq (tonnes of carbon dioxide equivalents), but safety, weapons proliferation and waste remain as constraints."

A footnote in the report states that Austria could not agree to this text. Austria was concerned that by saying that nuclear energy could have an 18% share of global electricity supply the IPCC was projecting a significant increase in generation from nuclear power, especially when the huge projected increase in overall electricity consumption is taken into account.

Greenpeace reacted negatively to the inclusion of nuclear energy in the report, stating that the IPCC had identified two "false solutions" in nuclear energy and carbon capture and storage. Bert Metz, co-chair of Working Group III stressed that the IPCC reports are technical reviews and do not make policy recommendations.

The report concludes that there are mitigation options available that could be used to stabilize atmospheric greenhouse gas emissions. Stabilization between 445 and 710 parts per million of CO2-eq would, the IPCC projects, result in a change in global gross domestic product ranging between a 3% decrease and a small increase.

The report notes that to achieve the lower stabilization levels will require greater emphasis on low carbon energy sources "such as renewable energy and nuclear power."

Nuclear hopefuls want some help
Herald Sun (Courier Mail also carried this article)
By George Lekakis
May 1, 2007

A STRING of companies involved in developing nuclear technologies are pushing the Federal Government to introduce financial incentives for research aimed at more efficient nuclear power generation and waste management.

The calls come after Prime Minister John Howard at the weekend said the Federal Government would provide "immediate support" to help Australia participate in the development of new-generation nuclear reactors.

However, it is unlikely the Federal Budget, to be unveiled next week by Treasurer Peter Costello, will include any incentives for nuclear R&D.

Gas and oil companies currently receive a 150 per cent tax break on investment in exploration, and investors in Australia's emerging nuclear industry are stepping up the call for financial support.

Melbourne businessman John White, who has applied to international regulators to secure a licence to manage uranium exported from Australia, believes the government will need to provide incentives

if it wants to cultivate viable local technologies.

"I'm a great industry policy advocate," he said. "We can't just rely on digging up resources and exporting them, we need appropriate and competitive incentives across the board for all research and development in Australia."

Mr White, who is also chairman of international environmental waste management provider Global Renewables, refused to comment on whether the incentives for developers of nuclear technologies should be on a par with, or exceed, government support for gas exploration.

However, he said the biggest incentive for nuclear R&D would come in the form of a carbon trading scheme.

"There is only one way nuclear power will ever be economic in Australia and that is through the proper pricing of carbon-based greenhouse gas emissions," he said.

"Both political parties are committed to introducing an emissions trading system."

Another company in line to secure support from the government is Sydney-based nuclear R&D firm NuPower-Green.

NuPower-Green has won some financial support from a group of British investors for research it has undertaken into the potential for thorium-based nuclear generation.

Thorium, which is more abundant than uranium and plutonium, is seen as a potentially more efficient nuclear fuel because it is associated with generation systems that produce less radioactive waste.

While a thorium-driven power plant is yet to be developed, the advocates of the technology argue that such reactors will be introduced within 20 years.

Philip Lavers, one of the directors of NuPower-Green, said the company was in talks with British Nuclear Fuels plc with a view to undertaking joint research.

Another director of NuPower-Green is prominent thorium cycle academic Reza Hashemi-Nezhad of the University of Sydney.

Mr Lavers said thorium-based research in Russia, Japan and Europe was attracting financial support from governments.

''We are at a very early stage of development,'' he said.

''Thorium and uranium companies will be the Exxons and Chevrons of the world in the next 20 years, I'm convinced of that.

''But we're not talking about three months or three years of R&D spend here, we're talking about 15-year programs.''

Indian president says energy independence "high priority"
BBC Monitoring South Asia - Political
April 27, 2007

Text of report by Indian news agency PTI

Athens, 27 April: Asserting that energy independence is India's first and highest priority, President A. P. J. Abdul Kalam Friday said the country has to go in for nuclear power in a big way using thorium-based reactors.

"Energy independence is India's first and highest priority. We are determined to achieve this by the year 2030 through three different sources - renewable energy, electrical power from nuclear energy and hydro-power for the transportation sector," Kalam said addressing scientists of Greek's National Centre for Scientific Research Demokritos here.

Pointing out that energy independence threw very important technological challenges to the world, Kalam told the scientists of Greece, a member of the Nuclear Suppliers Group (NSG), that there was a need for converting thorium into a fissile material using fast breeder technology.

"India has to go in for nuclear power generation in a big way using thorium-based reactors. Thorium, a non-fissile material is available in abundance in our country.

"Intensive research is essential for converting thorium for maximising its utilisation and generating electric power through thorium-based reactors," Kalam said.

Calling for greater cooperation between Greece and Indian scientists, the President listed seven areas -- energy sector, nuclear power generation, Proteomics, HIV/AIDS, stem cell, earthquake and rainfall - where the two countries could begin research together.

On HIV/AIDS, Kalam noted that there had been progress in testing the vaccines for prevention from the disease.

"It is indeed a big challenge for life science scientists to develop an integrated vaccine leading to production in three years time," he said, adding similarly stem cell research has to be pursued in a mission mode for finding a cure for many diseases.

On earthquake and rainfall, the president said it was essential for the two countries to work on a mission mode research for forecasting quakes and rainfall.

"...the necessity for a global monsoon research to determine the intensity and quantum of rain in a particular cloud condition, through a validated prediction system with detailed research" was the need of the hour, he said.

Similarly, the president said, it was necessary to forecast earthquakes using multiple parameters with precursors such as pre-shock conditions, electro-magnetic phenomena prior to final rupture and atmospheric and ionospheric anomalies.

US, India eye nuclear breakthrough
By Jitendra Joshi
Agence France Presse -- English
May 2, 2007

The United States and India say they are inching closer to a breakthrough on nuclear cooperation to seal a new era in relations that, during the Cold War, were chilly for decades.

Both sides sounded upbeat after two days of talks here between top US State Department official Nicholas Burns and Indian Foreign Secretary Shivshankar Menon, which were aimed at implementing a July 2005 accord on atomic energy.

Burns, the US under secretary of state for political affairs, will travel to India "in the second half of May to reach a final agreement," State Department spokesman Sean McCormack said after what he termed "excellent" meetings.

"We look forward to resolving the outstanding issues in the weeks ahead," he said in a statement, arguing that Menon's talks with officials including Secretary of State Condoleezza Rice had yielded "extensive progress."

Menon would not be tied down on a date to wrap up the landmark nuclear pact but said ahead of Burns' visit: "As far as I'm concerned, this is doable ... and we want to do it as quickly as possible."

The US government had expressed frustration over the pace of the talks to implement the pact, which would give India access to US nuclear energy technology without requiring the Asian country to halt its atomic arms program.

The deal is the centerpiece of energy-hungry India's new relationship with Washington after decades of Cold War tensions, as it tries to sustain its stunning economic expansion.

"I think it's a measure really of how the relationship has been transformed in the last few years," Menon said.

As India deepens free-market reforms and attracts billions of dollars in investment, the United States sees the emergence of a democratic ally and a bulwark against instability in a restive, nuclear-armed region.

In an opinion piece in Sunday's Washington Post, Burns predicted that "within a generation, Americans may view India as one of our two or three most important strategic partners."

Based on that strategic premise, the nuclear pact was passed overwhelmingly by the US Congress in December despite some prior misgivings about India's refusal to sign a global test ban treaty.

'Heady Times' For India And the U.S.
By Nicholas Burns
Editorial
The Washington Post
April 29, 2007

While Iraq and Iran have dominated recent headlines, the United States and India have quietly forged the strongest relationship the two countries have enjoyed since India's independence in 1947. For most of the past 60 years, the Cold War and vastly differing ideological and governing philosophies kept us, at best, fitful partners. That all began to change a decade ago, when President Bill Clinton's efforts led to the first great opening in our relations. In 2001 President Bush launched an even more ambitious drive, culminating in impressive agreements regarding civilian nuclear power, trade, science and agriculture with India's reformist prime minister, Manmohan Singh.

The pace of progress between Washington and Delhi has been so rapid, and the potential benefits to American interests so substantial, that I believe within a generation Americans may view India as one of our two or three most important strategic partners.

The symbolic and public centerpiece of our new partnership, of course, has been the nuclear agreement, which Congress approved by an overwhelming bipartisan majority in December. When fully implemented in 2008, this initiative will permit American and international companies to begin peaceful civilian nuclear cooperation with India for the first time in more than a generation. This would bring India out of its self-imposed isolation and into the international nonproliferation mainstream. It would help alleviate the chronic power shortages that hinder India's economic growth, particularly Singh's drive to raise the quality of life of the estimated 700 million Indians still living in dire poverty. It will also reduce greenhouse gas emissions. We expect American companies will be among the first to invest in and profit from the opening of this gigantic energy market. We hope India will move quickly to help us complete a final bilateral agreement to make this a reality.

While the civilian nuclear initiative has garnered the most attention, the U.S. and Indian governments have launched joint ventures in agriculture, space exploration, global pollution reduction, science and technology development, and efforts to combat HIV-AIDS. And there is more we should do together.

Our first priority is to continue giving governmental support to the huge growth in business between the Indian and American private sectors. The United States has reduced the time it takes Indian travelers to get visas by almost three months. Led by Prime Minister Singh, India is undertaking tough reforms to its economy to sustain the country's economic boom. Singh has also challenged the United States to help launch a second "green revolution" in India's vast agricultural heartland by enlisting the help of America's great land-grant institutions.

There are two more giant steps India and the United States must take to achieve a global partnership. First, India seeks U.S. assistance in helping to counter the wave of terrorist bombings of the past two years. The United States is ready. We are both victims of terrorism and need to work harder to establish the kind of trust required for effective joint work. Second, we can also do much more to create a stronger military partnership. After the 2004 tsunami devastated parts of Southeast Asia, our two militaries, along with Australia and Japan, led global efforts to help survivors. American companies had their largest presence ever at the recent Aero India air show in Bangalore. We need to build on an already impressive series of joint military exercises by improving the interoperability of our armed forces to respond to global contingencies. We also aim to complete a series of defense sales that meet India's needs and complement our overall defense relationship.

Finally, I am confident the United States and India can work closely together on the key foreign policy challenges in South Asia. Indian investment and infrastructure assistance is helping Afghanistan in its hour of need. We are working with Delhi to encourage energy-rich Central Asian states such as Kazakhstan and Turkmenistan to establish oil and gas trade with

Afghanistan, Pakistan and India, thereby reducing the lure of long-term contracts with Iran. We are working together to try to stop the increasingly bloody civil war in Sri Lanka and to bring stability and, I hope, real democracy to Nepal and Bangladesh.

In some ways, our ambitious government agenda is merely playing catch-up to the recent explosion in business and cultural ties between Indians and Americans. There are more than 2 million people of Indian origin -- many of them now American citizens -- in the United States, making extraordinary contributions in academia, health care, information technology and business. It is one of the best educated and successful immigrant groups in our recent history. There are also 80,000 Indian students studying here, more than from any other country.

These are heady times for India and the United States. Every day I see signs of the strategic benefits our efforts can bring our two countries. With hard work and vision, we can realize the potential of a key 21st-century partnership of two great democracies.

The writer is undersecretary of state for political affairs.