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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): June 13, 2006 (June 5, 2006)

NOVASTAR RESOURCES LTD.

(Exact name of registrant as specified in its charter)

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

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

Amendment No. 1 to Merger Agreement

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

On June 12, 2006, the Company, Thorium Power and Acquisition Sub agreed to amend the Merger Agreement (the "Merger Amendment"): (1) to replace in its entirety, Section 1.2(a) (the purchase price provision of the Merger Agreement) with a new Section 1.2(a); and (2) to delete in its entirety, Section 1.4(d) (the definition of conversion ratio). The Merger Amendment eliminates the conversion ratio formula that had been part of the Merger Agreement prior to the Merger Amendment and replaces it with the exact number of shares of common stock of the Company issuable in connection with the Merger. The Merger Amendment provides that Thorium Power Common Stock, other than shares held by Novastar, will be converted into the right to receive 25.454 shares of the Company's common stock, and that each Exchangeable Security (as defined in the Merger Agreement) that has an exercise price of $5.00 or $1.00 will be converted into the right to receive 22.750 and 11.936 shares of the Company's common stock, respectively.

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

Amendment No. 1 to Gelband Consulting Agreement

On February 21, 2006, the Company reported its entry into an Amended and Restated Consulting Agreement, dated February 6, 2006, between the Company and Alan Gelband (the "Gelband Consulting Agreement"), relating to Mr. Gelband's performance of certain financial services to the Company, primarily in connection with the Merger Agreement.

On June 12, 2006, the Company, Mr. Gelband and Alan Gelband Company, Inc. ("AGC") agreed to amend the Gelband Consulting Agreement (1) to remove Mr. Gelband as a party to the agreement and place AGC as a party in his stead and (2) to provide that AGC will assume all of Mr. Gelband's obligations as consultant under the agreement.

This brief description of the terms of the Gelband Amendment is qualified by reference to the provisions of that agreement, attached to this report as Exhibit 10.2.

Milmoe Employment Agreement and Stock Option Agreement

On June 5, 2006, the Company entered into an employment agreement (the "Milmoe Employment Agreement") with Cornelius J. Milmoe, the Chief Operating Officer and a Director of the Company. Under the terms of the Milmoe Employment Agreement, the Company agreed to pay Mr. Milmoe an annual salary ("Salary") of $200,000, as consideration for performance of his duties as Chief Operating Officer. Mr. Milmoe will also be paid an amount equal to a 75% pro rata share of the Salary, as consideration for services already performed by him on behalf of the Company, from April 3, 2006 through May 1, 2006. In addition, the Company has agreed (i) to issue to Mr. Milmoe, 75,000 shares (the "Milmoe Shares") of the common stock the Company and (ii) to grant to Mr. Milmoe an incentive ten-year option for the purchase of 525,000 shares of the common stock the Company, at an exercise price of $0.465 per share (the "Milmoe Options"). The initial term of the Milmoe Employment Agreement will be one year and but will automatically be extended for additional one-year periods unless terminated by either party in accordance with its terms and conditions.

The Company agreed to issue the Milmoe Shares within 5 business days of executing the Milmoe Employment Agreement (June 12, 2006). The Milmoe Shares will be shares of restricted stock and the certificate evidencing them will bear a restricted legend and stop transfer order will be placed against them. The Milmoe Shares will be immediately earned on issuance and will not be subject to any vesting or repurchase right.

The Milmoe Options were granted on June 5, 2006, pursuant to a stock option agreement (the "Milmoe Option Agreement") entered into between the Company and Mr. Milmoe. They will vest monthly over a three-year period following the six month anniversary of the Milmoe Option Agreement, with accelerated vesting upon a Change of Control, termination of Mr. Milmoe by the Company Without Cause, or the cessation of Mr. Milmoe's employment with the Company for Good Reason (all as defined in the Milmoe Employment Agreement). This brief description of the terms of the Milmoe Employment Agreement and the Milmoe Option Agreement is qualified by reference to the provisions of those agreements, attached to this report as Exhibits 10.3 and 10.4, respectively.

Goldman Consulting Agreement and Stock Option Agreement

On June 13, 2006, the Company entered into a consulting agreement with Larry Goldman (the "Goldman Consulting Agreement"), pursuant to which Mr. Goldman 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 Goldman Consulting Agreement, the Company agreed to pay Mr. Goldman at an hourly rate of $170, as consideration for his services, with a minimum hourly requirement of 40 hours each month and a daily maximum billing of 10 hours. In addition, the Company agreed to (i) issue to Mr. Goldman, 75,000 shares (the "Goldman Shares") of common stock of the Company and (ii) grant to Mr. Goldman a non-qualified ten-year option for the purchase of 350,000 shares of the common stock of the Company (the "Goldman Options") at an exercise price of $0.51 per share. The initial term of Goldman Consulting Agreement will be one year but will be automatically extended for additional one-year periods unless terminated by either party in accordance with its terms. The Company may terminate Mr. Goldman at its option, for any reason or no reason but must provide Mr. Goldman with 180 days' written notice before such termination.

The Company agreed to issue the Goldman Shares within 5 business days of executing the Goldman Consulting Agreement (June 20, 2006). The Goldman Shares will be shares of restricted stock and the certificate evidencing them will bear a restricted legend and stop transfer order will be placed against them. The Goldman Shares are immediately earned upon issuance and are not subject to any vesting or repurchase right.

The Goldman Options were granted on June 13, 2006, pursuant to a stock option agreement (the "Goldman Option Agreement") entered into between the Company and Mr. Goldman. The Goldman Options will vest in equal monthly installments over a three year period, commencing on June 13, 2006, with accelerated vesting upon a Change of Control or termination of Mr. Goldman by the Company without Cause (both terms as defined in the Goldman Option Agreement).

This brief description of the terms of the Goldman Consulting Agreement and the Goldman Option Agreement is qualified by reference to the provisions of those agreements, attached to this report as Exhibits 10.5 and 10.6, respectively.

ITEM 3.02 SALE OF UNREGISTERED SECURITIES.

On June 6, 2006, the Company granted an incentive option for the purchase of 525,000 shares of common stock of the Company to Cornelius J. Milmoe, pursuant to the Company's Amended and Restated 2006 Stock Option Plan (the "Plan"). The Company also agreed to issue to Mr. Milmoe by June 12, 2006, 75,000 shares of the Company's common stock, subject to the restrictions in the Milmoe Employment Agreement.

On June 13, 2006, the Company granted to Larry Goldman, pursuant to the Plan, a non-qualified option for the purchase of 350,000 shares of common stock of the Company. The Company also agreed to issue 75,000 shares of the Company's common stock to Mr. Goldman by June 20, 2006, subject to the restrictions in the Goldman Consulting Agreement.

On June 12, 2006, the Company issued 3,000,000 shares of common stock of the Company to Green Eagle Capital Corp., a corporation controlled by Seth Shaw, for services provided to the Company by Seth Shaw as Director of Strategic Planning, pursuant to a verbal agreement between Green Eagle Capital Corp. and the Company.

The foregoing securities were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933 as the issuance of the Shares did not involve a public offering.

For details regarding the grant to Mr. Milmoe and Mr. Goldman of shares of the Company's Common Stock and the non-qualified option for the purchase of the Company's common stock, see Item 1.01 above, which is incorporated herein by reference.

ITEM 9.01 EXHIBITS.

Exhibit No.	Description
10.1	Amendment No. 1 to Agreement and Plan of Merger, dated June 12, 2006, between Novastar Resources, Ltd., TP Acquisition Corp. and Thorium Power, Inc.
10.2	Amendment No. 1 to Amended and Restated Consulting Agreement, dated June 12, 2006, among Novastar Resources, Ltd., Alan Gelband and Alan Gelband Company, Inc.
10.3	Employment Agreement, dated June 5, 2006, between Novastar Resources, Ltd. and Cornelius J. Milmoe.
10.4	Stock Option Agreement, dated June 5, 2006, between Novastar Resources, Ltd. and Cornelius J. Milmoe.
10.5	Consulting Agreement, dated June 13, 2006, between Novastar Resources, Ltd. and Larry Goldman.
10.6	Stock Option Agreement, dated June 13, 2006, between Novastar Resources, Ltd. and Larry Goldman.

SIGNATURES

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

Novastar Resources Ltd.

Date: June 13, 2006

/s/ Seth Grae
President and Chief Executive Officer

EXHIBIT INDEX

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10.4	Stock Option Agreement, dated June 5, 2006, between Novastar Resources, Ltd. and Cornelius J. Milmoe.
10.5	Consulting Agreement, dated June 13, 2006, between Novastar Resources, Ltd. and Larry Goldman.
10.6	Stock Option Agreement, dated June 13, 2006, between Novastar Resources, Ltd. and Larry Goldman.

AMENDMENT NO. 1 TO AGREEMENT AND PLAN OF MERGER

This AMENDMENT NO. 1 TO AGREEMENT AND PLAN OF MERGER is entered into as of June 12, 2006 (this "Amendment") among NOVASTAR RESOURCES LTD., a Nevada corporation ("Novastar"), TP ACQUISITION CORP., a Delaware corporation and wholly-owned subsidiary of Novastar ("Acquisition Sub"), and THORIUM POWER, INC., a Delaware corporation ("Thorium Power"). Capitalized terms used, but not otherwise defined, herein have the meanings ascribed to such terms in the Agreement (as defined below).

BACKGROUND

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

AGREEMENT

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

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

"(a) *Purchase Price*.

(i) At the Closing, each issued and outstanding share of Thorium Power's common stock, $0.05 par value per share (the "***Thorium Power Common Stock***") other than shares of Thorium Power Common Stock held by Novastar shall be converted into the right to receive 25.454 shares of Novastar's common stock, $0.001 par value per share (the "***Novastar Common Stock***").

(ii) At the Closing, each Exchangeable Security that has an exercise price of $5.00 or $1.00 (constituting the only prices at which Exchangeable Securities are exercisable) shall be converted into the right to receive 22.750 and 11.936 shares of Novastar Common Stock, respectively.

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

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

2. Amendments to Section 1.4(d) - Definition of Conversion Ratio. Section 1.4(d) is deleted and in its place "[intentionally omitted]" is inserted.

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

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

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

NOVASTAR RESOURCES LTD.

By: /s/ Seth Grae
Name: Seth Grae
Title: President and Chief Executive Officer

TP ACQUISITION CORP.

By: /s/ Seth Grae
Name: Seth Grae
Title: President and Chief Executive Officer

THORIUM POWER, INC.

By: /s/ Seth Grae
Name: Seth Grae
Title: President and Chief Executive Officer

AMENDMENT NO. 1 TO AMENDED AND RESTATED CONSULTING AGREEMENT

This AMENDMENT NO. 1 TO AMENDED AND RESTATED CONSULTING AGREEMENT is entered into as of June 12, 2006 (this "***Amendment***") by and among NOVASTAR RESOURCES, LTD., a Nevada corporation (the " ***Company***") and ALAN GELBAND, an individual ("***Gelband***") and ALAN GELBAND COMPANY, INC., a Florida corporation ("***AGC"***). For the purposes of this Agreement, either of the above shall be referred to as a "***Party***" and collectively as the "***Parties***". Capitalized terms used, but not otherwise defined, herein have the meanings ascribed to such terms in the Agreement (as defined below).

WHEREAS, on February 6, 2006, the Company and Gelband entered into an Amended and Restated Consulting Agreement (the "***Original Agreement***") pursuant to which Gelband agreed to provide certain financial services to the Company, primarily in connection with the Company's planned merger with Thorium Power, Inc.; and

WHEREAS, the Parties now desire to enter into this Amendment so that Gelband may assign his rights and privileges under the Original Agreement to AGC and that AGC may assume Gelband's obligations thereunder.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties hereto, intending to be legally bound, hereby amend the Original Agreement as follows:

1. Amendment. All references to Alan Gelband in the Agreement are deleted in their entirety and in lieu thereof references to Alan Gelband Company, Inc. is inserted.

2. Assignment and Assumption. Gelband hereby assigns, transfers, conveys and sets over all of his rights, title, benefit and privileges under the Original Agreement. AGC hereby accepts the assignment and assumes and agrees to observe and perform all of the duties, obligations, terms, provisions, and covenants of Gelband to be observed or performed in connection with the Original Agreement.

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

COMPANY:

NOVASTAR RESOURCES, LTD.

By: /s/ Seth Grae
Name: Seth Grae
Title: President and Chief Executive Officer

GELBAND:

/s/ Alan Gelband
Alan Gelband

AGC:

ALAN GELBAND COMPANY, INC..

By: /s/ Alan Gelband
Name: Alan Gelband
Title: President and CEO

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT, dated as of June 5, 2006 (this "Agreement"), between NOVASTAR RESOURCES LTD., a Nevada corporation (the "Company"), and CORNELIUS J. MILMOE, an individual (the "Executive").

BACKGROUND

The Company wishes to secure the services of the Executive as the Chief Operating Officer of the Company upon the terms and conditions hereinafter set forth, and the Executive wishes to render such services to the Company upon the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Employment by the Company. The Company agrees to employ the Executive in the position of Chief Operating Officer and the Executive accepts such employment and agrees to perform the duties that may be assigned to him as well as other duties that are customarily performed of a Chief Operating Officer of a company like the Company. The Executive agrees to devote his full business time and energies to the business of the Company and/or its Subsidiaries and/or Affiliates and to faithfully, diligently and competently perform his duties hereunder.

2. Term of Employment. The term of this Employment Agreement (the "Term") shall be for the initial period commencing on the date hereof and ending on the first anniversary of the date thereof (provided that the provisions of Section 6 hereof shall survive any such termination), unless the Executive is earlier terminated as provided in Section 4 hereof. The Term of this Agreement shall automatically be extended for additional one year periods following the expiration of the initial Term unless either party notifies the other party in writing that it does not want to renew this Agreement within 30 days prior to the expiration of the initial Term or any renewal Term.

3. Compensation. As full compensation for all services to be rendered by the Executive to the Company and/or its Subsidiaries and/or Affiliates in all capacities during the Term, the Executive shall receive the following compensation and benefits:

3.1 Salary. An annual base salary of $200,000 (the "Base Salary") payable not less frequently than monthly or at more frequent intervals in accordance with the then customary payroll practices of the Company. The board of directors of the Company shall review the Executive's performance on an annual basis and shall suggest increases (but not decreases) to the Executive's Base Salary as the board of directors of the Company deems appropriate. The Company acknowledges that the Executive has been providing services to the Company as the Chief Operating Officer of the Company since April 3, 2006. For the period from April 3, 2006 through May 1, 2006, the Executive shall be paid a *pro rata* amount of 75% of the equivalent of the Base Salary for that period in consideration of the services already provided.

3.2 Equity Participation.

(a) The Company shall promptly (and in any event, within 5 business days) issue to the Executive 75,000 shares of the Company's Common Stock. The Executive shall not directly or indirectly sell, transfer or otherwise dispose of 37,500 of such shares for a period of one year and the remaining 37,500 shares for a period of two years, except for sales, transfers or other dispositions made to family members, for estate planning purposes, or pursuant to a qualified domestic relations order; provided that the transferee in such instance agrees in writing to be similarly bound to such transfer restriction. For the avoidance of doubt, all 75,000 shares are immediately earned upon issuance and not subject to any vesting or repurchase right in favor of the Company or any other person. The shares will bear a customary restrictive legend that refers to the aforementioned transfer restriction and applicable transfer restrictions under the Securities Act of 1933 and the stop transfer orders shall be imposed against the shares.

(b) The Executive shall be eligible to participate in the Company's 2006 Stock Plan (the "Plan"). The Executive shall, upon execution of this Agreement, be granted options to acquire 525,000 shares of Common Stock, $0.001 par value, of the Company pursuant to the Plan. Such options shall vest and become exercisable in accordance with the provisions of a separate Stock Option Agreement which shall be entered into between the Executive and the Company on or about the date hereof and which shall provide (a) that the options are intended to be incentive stock options, (b) an exercise price equal to the fair market value of the Company's Common Stock on the date of grant, (c) for vesting in equal monthly installments over a three year period beginning on the six month anniversary of the date of grant (provided that 6/48 of the option will vest on such six month anniversary) with accelerated vesting upon (i) a Change of Control (as defined below), (ii) termination of the Executive by the Company without Cause (as defined below), or (iii) the cessation of the Executive's employment with the Company for Good Reason (as defined below), and (d) for a ten year term.

3.3 Bonus. In addition to the Base Salary, the Executive shall be entitled to an annual incentive bonus to be determined in each instance by the board of directors of the Company. In making its determination of what percentage of Base Salary the Executive will be entitled to as a bonus, the board of directors of the Company will consider the Company's progress with regard to achievement of the following milestones: government grants and appropriations, partnering and teaming arrangements with Western nuclear power companies (particularly, General Electric Nuclear and major nuclear utilities in the United States), revenues, revenue generating events, earnings, attracting other qualified key technical advisory board members, investor relations, and other significant milestones as may be determined by the Company's Board of Directors.

3.4 Participation in Employee Benefit Plans; Other Benefits. The Executive shall be permitted during the Term to participate in all employee benefit plans, policies and practices now or hereafter maintained by or on behalf of the Company commensurate with the Executive's position with the Company. During the Term, the Company will maintain a group health and dental program, group life insurance, short and long term disability insurance, 401(k) plan, paid vacation, paid sick leave, paid holidays and unpaid leave.

3.5 Expenses. The Company shall pay or reimburse the Executive for all reasonable and necessary expenses actually incurred or paid by the Executive during the Term in the performance of the Executive's duties under this Agreement, upon submission and approval of expense statements, vouchers or other supporting information in accordance with the then customary practices of the Company.

3.6 Vacation. The Executive shall be entitled to four weeks of paid vacation time per year.

3.7 Withholding of Taxes. The Company may withhold from any benefits payable under this Agreement all federal, state, city and other taxes as shall be required pursuant to any law or governmental regulation or ruling.

4. Termination.

4.1 Termination upon Death. If the Executive dies during the Term, this Agreement shall terminate as of the date of his death.

4.2 Termination upon Disability. If during the Term the Executive becomes physically or mentally disabled, whether totally or partially, so that the Executive is unable to perform his essential job functions hereunder for a period aggregating 180 days during any twelve-month period, and it is determined by a physician acceptable to both the Company and the Executive that, by reason of such physical or mental disability, the Executive shall be unable to perform the essential job functions required of him hereunder for such period or periods, the Company may, by written notice to the Executive, terminate this Agreement, in which event the Term shall terminate 10 days after the date upon which the Company shall have given notice to the Executive of its intention to terminate this Agreement because of the disability.

4.3 Termination for Cause. The Company may at any time by written notice to the Executive terminate this Agreement immediately and, except as provided in Section 5.2 hereof, the Executive shall have no right to receive any compensation or benefit hereunder on and after the date of such notice, in the event that an event of "Cause" occurs. For purposes of this Agreement "Cause" shall mean (a) conviction of a felony, bad faith or willful gross misconduct that, in any case, results in material damage to the business or reputation of the Company; or (b) willful and continued failure to perform his duties hereunder (other than such failure resulting from the Executive's incapacity due to physical or mental illness or after the issuance of a notice of termination by the Executive for Good Reason) within 30 days after the Company delivers to him a written demand for performance that specifically identifies the actions to be performed. For purposes of this Section 4.3, no act or failure to act by the Executive shall be considered "willful" if such act is done by the Executive in the good faith belief that such act is or was to be beneficial to the Company or one or more of its businesses, or such failure to act is due to the Executive's good faith belief that such action would be materially harmful to the Company or one of its businesses. Cause shall not exist unless and until the Company has delivered to the Executive a copy of a resolution duly adopted by the board of directors (excluding the Executive for purposes of adoption) at a meeting of the board of directors of the Company called and held for such purpose after reasonable (but in no event less than thirty days') notice to the Executive and an opportunity for the Executive, together with his counsel, to be heard before the board, finding that in the good faith opinion of the board that "Cause" exists and specifying the particulars thereof in detail. This Section 4.3 shall not prevent the Executive from challenging in any court of competent jurisdiction the board of directors' determination that Cause exists or that the Executive has failed to cure any act (or failure to act) that purportedly formed the basis for the board of directors' determination.

4.4 Termination without Cause. The Company may terminate this Employment Agreement at any time, without cause, upon 30 days' written notice by the Company to the Executive and, except as provided in Section 5.1 hereof, the Executive shall have no right to receive any compensation or benefit hereunder after such termination.

4.5 Termination for Good Reason. The Executive may terminate his employment for Good Reason after giving the Company detailed written notice thereof, if the Company shall have failed to cure the event or circumstance constituting Good Reason within 30 business days after receiving such notice. "Good Reason" shall mean the occurrence of any of the following without the written consent of the Executive: (a) the assignment to the Executive of duties inconsistent with this Agreement or a change in his titles or authority; (b) any failure by the Company to comply with Section 3 hereof in any material way; (c) the requirement of the Executive to relocate to a location that is more than 50 miles from the Executive's work location on the effective date of this Agreement, or (d) any material breach of this Agreement by the Company. The Executive's right to terminate his employment hereunder for Good Reason shall not be affected by his incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason.

4.6 Without Good Reason. The Executive shall have the right to terminate his employment hereunder without Good Reason by providing the Company with 30 days advance written notice of termination.

5. Severance Payments.

5.1 Certain Severance Payments. If during the Term this Agreement is terminated pursuant to any of Section 4.1, 4.2, 4.4 or 4.5,, all compensation payable to the Executive under Section 3 hereof shall cease as of the date of termination specified in the notice of termination (the "Termination Date"), and the Company shall pay to the Executive, subject to Section 6 hereof, the following sums: (i) the Base Salary on the Termination Date for twelve months (the "Severance Period"), payable in monthly installments; (ii) benefits under group health, dental and life insurance plans and such other plans referred to in Section 3.2 that the Executive may continue to participate in as a non-employee through the Severance Period; and (iii) all previously earned, accrued, and unpaid benefits from the Company and its employee benefit plans, including any such benefits under the Company's pension, disability, and life insurance plans, policies, and programs. Notwithstanding the foregoing, if the Executive is terminated pursuant to Section 4.4 hereof within six months of a Change of Control (as defined in Section 8.7 hereof), then, subject to Section 6 hereof, the Severance Period shall be for six months instead of three months. If, prior to the date on which the Company's obligations under clause (i) of this Section 5.1 cease, the Executive violates Section 6 hereof, then the Company shall have no obligation to make any of the payments that remain payable by the Company under clauses (i) and (iii) of this Section 5.1 on or after the date of such violation.

Notwithstanding the foregoing, if, based on Internal Revenue Service guidance available as of the date the payment or provision of any amount or other benefit is specified to be made under this Agreement or elsewhere, the Company reasonably determines that the payment or provision of such amount or other benefit at such specified time may potentially subject the Executive to "additional tax" under Section 409A(a)(1)(B) of the Code (together with any interest or penalties imposed with respect to, or in connection with, such tax, a "409A Tax") with respect to the payment of such amount or the provision of such benefit, and if payment or provision thereof at a later date would likely avoid any such 409A Tax, then the payment or provision thereof shall be postponed to the earliest business day on which the Company reasonably determines such amount or benefit can be paid or provided without incurring any such 409A Tax, but in no event later than the first business day after the six-month anniversary of the Executive's termination date (the "Delayed Payment Date"). In addition, if the Company reasonably determines that such 409A Tax with respect to the provision of a benefit can likely be avoided by replacing the benefit with the payment of an amount in cash equal to the cost of a substantially equivalent benefit then, in lieu providing such benefit, the Company may make such cash payment, subject to the preceding sentence. The Company and the Executive may agree to take other actions to avoid the imposition of 409A Tax at such time and in such manner as permitted under Section 409A. In the event that a delay of any payment is required under this provision, such payment shall be accumulated and paid in a single lump sum on the Delayed Payment Date together with interest for the period of delay, compounded monthly, equal to the prime or base lending rate then used by Citibank, N. A., in New York City and in effect as of the date the payment would otherwise have been provided.

5.2 Payments upon Termination for Cause or Termination without Good Reason. If this Employment Agreement is terminated by the Company pursuant to Section 4.3 hereof or by the Executive pursuant to Sections 4.5(a)-(d) or 4.6 hereof, the Executive shall receive only the amounts specified in clause (ii) of Section 5.1 hereof.

6. Certain Covenants of the Executive.

6.1 Covenants. The Executive acknowledges that: (i) he is one of the limited number of persons who will develop the business of the Company (the "Company's Current Lines of Business"); (ii) the Company conducts its business on a nationwide basis; (iii) his work for the Company has brought him and, from and after the Closing, his work for the Company and its Subsidiaries and Affiliates, will continue to bring him into close contact with many confidential affairs not readily available to the public; (iv) the Company would not consummate the transactions contemplated by the Merger Agreement but for the agreements and covenants of the Executive contained herein; and (v) the covenants contained in this Section 6 will not involve a substantial hardship upon his future livelihood. In order to induce the Company to execute and deliver the Merger Agreement and to induce the Company to enter into this Employment Agreement, the Executive covenants and agrees that:

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

6.3 Confidential Information. During the Restricted Period, the Executive shall not, directly or indirectly, disclose to any person or entity who is not authorized by the Company or any Subsidiary or Affiliate to receive such information, or use or appropriate for his own benefit or for the benefit of any person or entity other than the Company or any Subsidiary or Affiliate, any documents or other papers relating to the Company's Business or the customers of the Company or any Subsidiary or Affiliate, including, without limitation, files, business relationships and accounts, pricing policies, customer lists, computer software and hardware, or any other materials relating to the Company's Business or the customers of the Company or any Subsidiary or Affiliate or any trade secrets or confidential information, including, without limitation, any business or operational methods, drawings, sketches, designs or product concepts, know-how, marketing plans or strategies, product development techniques or plans, business acquisition plans, financial or other performance data, personnel and other policies of the Company or any Subsidiary or Affiliate, whether generated by the Executive or by any other person, except as required in the course of performing his duties hereunder or with the express written consent of the Company; provided, however, that the confidential information shall not include any information readily ascertainable from public or published information, or trade sources (other than as a direct or indirect result of unauthorized disclosure by the Executive).

6.4 Employees of and Consultants to the Company. During the Restricted Period, the Executive shall not, directly or indirectly (other than in furtherance of the business of the Company), initiate communications with, solicit, persuade, entice, induce or encourage any individual who is then or who has been within the 12-month period preceding the Executive's termination of employment with the Company, an employee of or consultant to the Company or any of its Subsidiaries or Affiliates to terminate employment with, or a consulting relationship with, the Company or such Subsidiary or Affiliate, as the case may be, or to become employed by or enter into a contract or other agreement with any other person, and the Executive shall not approach any such employee or consultant for any such purpose or authorize or knowingly approve the taking of any such actions by any other person.

6.5 Solicitation of Customers. During the Restricted Period, the Executive shall not, directly or indirectly, initiate communications with, solicit, persuade, entice, induce, encourage (or assist in connection with any of the foregoing) any person who is then or has been within the 12-month period preceding the Executive's termination of employment with the Company a customer or account of the Company or its Subsidiaries or Affiliates, or any actual customer leads whose identity the Executive learned during the course of his employment with the Company, to terminate or to adversely alter its contractual or other relationship with the Company or its Subsidiaries or Affiliates.

6.6 Rights and Remedies Upon Breach. If the Executive breaches, or threatens to commit a breach of, any of the provisions of Section 6 hereof (collectively, the "Restrictive Covenants"), the Company and its Subsidiaries and Affiliates shall, in addition to the rights set forth in Section 5.1 hereof, have the right and remedy to seek from any court of competent jurisdiction specific performance of the Restrictive Covenants or injunctive relief against any act which would violate any of the Restrictive Covenants, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Company and its Subsidiaries and Affiliates and that money damages will not provide an adequate remedy to the Company and its Subsidiaries and Affiliates.

6.7 Severability of Covenants. If any of the Restrictive Covenants, or any part thereof, is held by a court of competent jurisdiction or any foreign, federal, state, county or local government or other governmental, regulatory or administrative agency or authority to be invalid, void, unenforceable or against public policy for any reason, the remainder of the Restrictive Covenants shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and such court, government, agency or authority shall be empowered to substitute, to the extent enforceable, provisions similar thereto or other provisions so as to provide to the Company and its Subsidiaries and Affiliates, to the fullest extent permitted by applicable law, the benefits intended by such provisions.

6.8 Enforceability in Jurisdictions. The parties intend to and hereby confer jurisdiction to enforce the Restrictive Covenants upon the courts of any jurisdiction within the geographical scope of such Covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants wholly invalid or unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the parties that such determination not bar or in any way affect the Company's right to the relief provided above in the courts of any other jurisdiction within the geographical scope of such Restrictive Covenants, as to breaches of such Restrictive Covenants in such other respective jurisdictions, such Restrictive Covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

7. Indemnification.

7.1 General. The Company agrees that if the Executive is made a party or is threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), other than a Proceeding initiated by the Company to enforce its rights under this Agreement, by reason of the fact that the Executive is or was a trustee, director or officer of the Company, or any predecessor to the Company or any of their Affiliates or is or was serving at the request of the Company, any predecessor to the Company, or any of their affiliates as a trustee, director, officer, member, employee or agent of another corporation or a partnership, joint venture, limited liability company, trust or other enterprise, including, without limitation, service with respect to employee benefit plans, whether or not the basis of such Proceeding is alleged action in an official capacity as a trustee, director, officer, member, employee or agent while serving as a trustee, director, officer, member, employee or agent, the Executive shall be indemnified and held harmless by the Company to the fullest extent authorized by Nevada law, as the same exists or may hereafter be amended, against all Expenses incurred or suffered by the Executive in connection therewith, and such indemnification shall continue as to the Executive even if the Executive has ceased to be an officer, director, trustee or agent, or is no longer employed by the Company and shall inure to the benefit of his heirs, executors and administrators. Notwithstanding the foregoing, the Executive shall not be entitled to indemnification by the Company in respect of, and to the extent that, any Expenses arising as a result of the bad faith, willful misconduct or gross negligence of the Executive, or the Executive’s conviction of a felony.

7.2 Expenses. As used in this Agreement, the term "Expenses" shall include, without limitation, damages, losses, judgments, liabilities, fines, penalties, excise taxes, settlements, and costs, attorneys' fees, accountants' fees, and disbursements and costs of attachment or similar bonds, investigations, and any expenses of establishing a right to indemnification under this Agreement.

7.3 Enforcement. If a claim or request under this Section 7 is not paid by the Company or on its behalf, within thirty (30) days after a written claim or request has been received by the Company, the Executive may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim or request and if successful in whole or in part, the Executive shall be entitled to be paid also the expenses of prosecuting such suit. All obligations for indemnification hereunder shall be subject to, and paid in accordance with, applicable Nevada law.

7.4 Partial Indemnification. If the Executive is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify the Executive for the portion of such Expenses to which the Executive is entitled.

7.5 Advances of Expenses. Expenses incurred by the Executive in connection with any Proceeding shall be paid by the Company in advance upon request of the Executive that the Company pay such Expenses, but only in the event that the Executive shall have delivered in writing to the Company (i) an undertaking to reimburse the Company for Expenses with respect to which the Executive is not entitled to indemnification and (ii) a statement of his good faith belief that the standard of conduct necessary for indemnification by the Company has been met.

7.6 Notice of Claim. The Executive shall give to the Company notice of any claim made against him for which indemnification will or could be sought under this Agreement. In addition, the Executive shall give the Company such information and cooperation as it may reasonably require and as shall be within the Executive's power and at such times and places as are convenient for the Executive.

7.7 Defense of Claim. With respect to any Proceeding as to which the Executive notifies the Company of the commencement thereof:

(a) The Company will be entitled to participate therein at its own expense;

(b) Except as otherwise provided below, to the extent that it may wish, the Company will be entitled to assume the defense thereof, with counsel reasonably satisfactory to the Executive, which in the Company's sole discretion may be regular counsel to the Company and may be counsel to other officers and directors of the Company or any subsidiary. The Executive also shall have the right to employ his own counsel in such action, suit or proceeding if he reasonably concludes that failure to do so would involve a conflict of interest between the Company and the Executive, and under such circumstances the fees and expenses of such counsel shall be at the expense of the Company.

(c) The Company shall not be liable to indemnify the Executive under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent. The Company shall not settle any action or claim in any manner which would impose any penalty that would not be paid directly or indirectly by the Company or limitation on the Executive without the Executive's written consent. Neither the Company nor the Executive will unreasonably withhold or delay their consent to any proposed settlement.

(d) Non-exclusivity. The right to indemnification and the payment of expenses incurred in defending a Proceeding in advance of its final disposition conferred in this Section 7 shall not be exclusive of any other right which the Executive may have or hereafter may acquire under any statute or certificate of incorporation or by-laws of the Company or any subsidiary, agreement, vote of shareholders or disinterested directors or trustees or otherwise.

8. Other Provisions.

8.1 Notices. Any notice or 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 specified on the signature page hereto, 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, to the addresses specified on the signature page hereto, or, in the case of the Company, to such other address as the Company may specify as the address for its executive offices in any reports filed by the Company with the Securities and Exchange Commission.

8.2 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior contracts and other agreements, written or oral, with respect thereto, including a prior version of this Agreement that was executed by the parties on May 22, 2006.

8.3 Waivers and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

8.4 Governing Law. This Agreement shall be governed by, and construed in accordance with and subject to, the laws of the State of Nevada applicable to agreements made and to be performed entirely within such state.

8.5 Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and any successors and assigns permitted or required by Section 8.6 hereof. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto or such successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

8.6 Assignment. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive. The Company may assign this Agreement and its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition of all or substantially all of its assets or business, whether by merger, consolidation or otherwise.

8.7 Definitions. For purposes of this Agreement:

(a) *"Affiliate"* shall mean a person that, directly or indirectly, controls or is controlled by, or is under common control with the Company;

(b) *"Change of Control"* shall mean (i) a tender offer has been made and consummated for the ownership of more than 50% of the outstanding voting securities of the Company, (ii) the Company has merged or consolidated with another corporation or entity and as a result of such merger or consolidation less than 50% of the outstanding voting securities of the surviving or resulting corporation or entity shall be owned in the aggregate by former shareholders of the Company, as the same shall have existing immediately prior to such merger or consolidation, (iii) the Company has sold, leased, or otherwise disposed of, all or substantially all of its assets to another corporation or entity which is not a wholly-owned subsidiary, or (iv) a person, within the meaning of Section 3(a)(9) or Section 13(d)(3) (as in effect on the date hereof) of the Securities Exchange Act of 1934 shall acquire more than 50% of the outstanding voting securities of the Company (whether directly, indirectly, beneficially, or of record). Notwithstanding the foregoing, the transactions contemplated by the Merger Agreement shall not constitute a Change of Control.

(c) *"Control"* (including, with correlative meaning, the terms "controlled by" and "under common control with") as used with respect to any person or entity, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through ownership of voting securities or by contract or other agreement or otherwise; and

(d) *"Merger Agreement"* shall mean the merger agreement pursuant to which the Company is acquiring all of the issued and outstanding capital stock of Thorium Power, Inc.

(e) *"Subsidiary"* shall mean any person or entity as to which the Company, directly or indirectly, owns or has the power to vote, or to exercise a controlling influence with respect to, fifty percent (50%) or more of the securities of any class of such person, the holders of which class are entitled to vote for the election of directors (or persons performing similar functions) of such person.

8.8 D&O Insurance. During the term of this Agreement, the Company shall maintain D&O insurance with the level of coverage of at least $5 million.

8.9 Counterparts. 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.

8.10 Headings. The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Employ-ment Agreement.

[Signature Page Follows]

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

NOVASTAR RESOURCES LTD..

By: /s/ Seth Grae
Seth Grae
Chief Executive Officer

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

EXECUTIVE:

/s/ Cornelius J. Milmoe
Cornelius J. Milmoe

Address: 1700 Verrazzano Pl.
Wilmington, NC 28405

NOVASTAR RESOURCES 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: CORNELIUS J. MILMOE

Address: c/o Novastar Resources Ltd.,
8300 Greensboro Drive, Suite 800,
McLean, VA 22102

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:	June 5, 2006
Vesting Commencement Date:	December 5, 2006
Option Price per Share:	$0.465
Total Number of Shares Granted:	525,000
Total Option Price:	$244,125
Type of Option:	Incentive Stock Option
Term/Expiration Date:	Ten (10) 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. The Option shall immediately and automatically vest in full upon a Change of Control, the termination of the Optionee's employment by the Company without Cause, or the termination of the Optionee's employment by the Optionee for Good Reason. "Change of Control," "Cause," and "Good Reason" are each defined in that certain employment agreement between the Optionee and the Company, dated on or about the date hereof.

NOVASTAR RESOURCES LTD.

AMENDED AND RESTATED 2006 STOCK PLAN

STOCK OPTION AGREEMENT

This **STOCK OPTION AGREEMENT** ("Agreement"), dated as of the 5th day of June, 2006 is made by and between NOVASTAR RESOURCES LTD., a Nevada corporation (the "Corporation"), and CORNELIUS J. MILMOE (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 employment with the Corporation, its parent or any of its subsidiaries) at any time within three (3) months following the termination of the Optionee's employment 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 employment 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 employment 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 employment 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 employment 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 employment 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.

NOVASTAR RESOURCES LTD.

By: /s/ Seth Grae
Seth Grae
President and Chief Executive Officer

OPTIONEE:

/s/ Cornelius J. Milmoe
Cornelius J. Milmoe

[*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.

EXHIBIT A

NOVASTAR RESOURCES LTD.

AMENDED AND RESTATED 2006 STOCK PLAN

EXERCISE NOTICE

Novastar Resources 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 Novastar Resources Ltd. (the "Corporation") under and pursuant to the Amended and Restated 2006 Stock Plan (the "Plan") and the Stock Option Agreement dated May 22, 2006 (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:	NOVASTAR RESOURCES LTD.
	By:_____
_____	Its:_____
CORNELIUS J. MILMOE	

EXHIBIT B

NOVASTAR RESOURCES LTD.

AMENDED AND RESTATED 2006 STOCK PLAN

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE : _____

CORPORATION : NOVASTAR RESOURCES 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: _____
CORNELIUS J. MILMOE

Date:_____

NOVASTAR RESOURCES LTD.

CONSULTING AGREEMENT

CONSULTING AGREEMENT, dated as of June 13, 2006 (the "Agreement"), by and between NOVASTAR RESOURCES LTD., a Nevada corporation, having its principal place of business at 8300 Greensboro Drive, Suite 800, McLean, VA 22102 ("Company") and LARRY GOLDMAN, an individual residing at 5 Victory Road, Suffern, NY 10901("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.

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 expected to be approximately three (3) months until a permanent Treasurer and Chief Financial Officer is appointed. After a permanent Chief Financial Officer is appointed, the Consultant will provide financial consulting services and internal audit services and be named the manager of internal audit. In addition, the Consultant shall perform SOX 404 compliance, SEC compliance, audit preparation for external auditors and such other similar tasks as Company may request.

2. TERM.

The initial term of this Agreement shall be for a period of one year; 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 equipment, 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") equal to one hundred seventy dollars ($170) per hour for Services performed; provided that the Consultant shall not be permitted to bill more than ten hours in any one day. The Fee shall be payable per invoice every other week, no later than the 10th business day following the receipt by Company from Consultant of an invoice that sets forth in reasonable detail the number of hours Consultant worked and a description of the work Consultant performed. The Consultant shall be paid a Fee for a minimum of 40 hours of Service each month during the Term, whether or not the Consultant actually performs 40 hours of Service.

B. The Company shall grant to the Consultant a nonqualified stock option for the purchase of 350,000 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' 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' 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.

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' 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 consultant to Company and 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.

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 180 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. **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' 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.

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.

7. **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' 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.

8. **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.

9. **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.

10. 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.

11. 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.

12. GENERAL CONDITIONS

A. The terms and conditions of Paragraphs 3E, 6, 7, 8, 9, 10, 11 and 12A 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 venturer or otherwise related to Company for any purpose. Accordingly, Consultant may not bind Company to any contract, agreement or arrangement.

D. This Agreement shall be governed by the laws of the State of New York, without regard to its conflicts of laws.

E. This Agreement constitutes the entire understanding between Consultant and Company respecting the Services described herein.

F. 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.

G. Facsimile execution and delivery of this Agreement is legal, valid and binding execution and delivery for all purposes.

H. 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 two times per month.

[signature page follows]

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

NOVASTAR RESOURCES LTD.	CONSULTANT:
By: /s/ Seth Grae	/s/ Larry Goldman
Name: SETH GRAE	Name: LARRY GOLDMAN
Title: President and Chief Executive Officer	

NOVASTAR RESOURCES 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: LARRY GOLDMAN

Address: c/o Novastar Resources Ltd.,
8300 Greensboro Drive, Suite 800,
McLean, VA 22102

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:	June 13, 2006
Vesting Commencement Date:	June 13, 2006
Option Price per Share:	$0.51
Total Number of Shares Granted:	350,000
Total Option Price:	$178,500
Type of Option:	Nonqualified Stock Option
Term/Expiration Date:	Ten (10) 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 1/36 of the Total Number of Shares Granted (as specified above) on the Vesting Commencement Date and shall thereafter vest 1/36 on each one month anniversary of the Vesting Commencement Date until all shares underlying the Option have vested. The Option shall immediately and automatically vest in full upon a Change of Control or upon the termination of the Optionee's employment by the Company without Cause. For purposes of this Notice of Grant, "Cause" shall be as determined in good faith at the time of termination by the Board of Directors of the Company; and a "Change of Control" shall be deemed to have occurred if (i) a tender offer shall be made and consummated for the ownership of more than 50% of the outstanding voting securities of the Company, (ii) the Company shall be merged or consolidated with another corporation or entity and as a result of such merger or consolidation less than 50% of the outstanding voting securities of the surviving or resulting corporation or entity shall be owned in the aggregate by former shareholders of the Company, as the same shall have existing immediately prior to such merger or consolidation, (iii) the Company shall sell, lease, or otherwise dispose of, all or substantially all of its assets to another corporation or entity which is not a wholly-owned subsidiary, or (iv) a person, within the meaning of Section 3(a)(9) or Section 13(d)(3) (as in effect on the date hereof) of the Securities Exchange Act of 1934 shall acquire more than 50% of the outstanding voting securities of the Company (whether directly, indirectly, beneficially, or of record). Notwithstanding the foregoing, the transactions contemplated by the Agreement and Plan of Merger, as amended, dated February 14, 2006, between the Company and Thorium Power, Inc. shall not constitute a Change of Control.

NOVASTAR RESOURCES LTD.

AMENDED AND RESTATED 2006 STOCK PLAN

STOCK OPTION AGREEMENT

This **STOCK OPTION AGREEMENT** ("Agreement"), dated as of the 13th day of June, 2006 is made by and between NOVASTAR RESOURCES LTD., a Nevada corporation (the "Corporation"), and LARRY GOLDMAN (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 employment with the Corporation, its parent or any of its subsidiaries) at any time within three (3) months following the termination of the Optionee's employment 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 employment 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 employment 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 employment 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 employment 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 employment 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.

NOVASTAR RESOURCES LTD.

By: /s/ Seth Grae
Seth Grae
President and Chief Executive Officer

OPTIONEE:

/s/ Larry Goldman
Larry Goldman

NOTE RE: EXHIBITS

EXHIBITS A AND B ARE TO BE SIGNED

WHEN OPTIONS ARE EXERCISED,

NOT WHEN OPTION AGREEMENT IS SIGNED.

EXHIBIT A

NOVASTAR RESOURCES LTD.

AMENDED AND RESTATED 2006 STOCK PLAN

EXERCISE NOTICE

Novastar Resources 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 Novastar Resources Ltd. (the "Corporation") under and pursuant to the Amended and Restated 2006 Stock Plan (the "Plan") and the Stock Option Agreement dated May 22, 2006 (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:

OPTIONEE:

_____
LARRY GOLDMAN

Accepted by:

NOVASTAR RESOURCES LTD.

By:_____

Its:_____

EXHIBIT B

NOVASTAR RESOURCES LTD.

AMENDED AND RESTATED 2006 STOCK PLAN

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE : _____

CORPORATION : NOVASTAR RESOURCES 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:_____