longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

(Print or Type Responses)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL OMB Number: 3235-0287 Estimated average burden hours per response... 0.5

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person – GRAHAM THOMAS JR				2. Issuer Name and Ticker or Trading Symbol NOVASTAR RESOURCES LTD. [NVAS.OB]							5. Relationship of Reporting Person(s) to Issuer (Check all applicable)X_ Director 10% Owner					
C/O NO	(Last) (Middle) C/O NOVASTAR RESOURCES LTD.,, 8300 GREENSBORO DRIVE, SUITE 800			3. Date of Earliest Transaction (Month/Day/Year) 07/27/2006						X Officer (give title below) Other (specify below) Chairman and Interim Secretary						
(Street) MCLEAN VA 22102				4. If Amendment, Date Original Filed(Month/Day/Year)							6. Individual or Joint/Group Filing(Check Applicable Line) X_Form filed by One Reporting Person Form filed by More than One Reporting Person					
	MCLEAN, VA 22102 (City) (State) (Zip)			Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned												
1.Title of S (Instr. 3)	1. Title of Security 2. Transaction Date (Month/Day/Y		2A. Deem Execution any (Month/D		ed 3 Date, if ((Instr. 8)		4. Securities Acqui (A) or Disposed of (Instr. 3, 4 and 5)		ired 5. Amount of S				6. Ownership Form: Direct (D)	Beneficial Ownership	
							Code	v A	V Amount (A) or Price				or Indirect (I) (Instr. 4)	Instr. 4)		
Common	Common Stock, \$0.001 par value									1	190,000 (1)		D	D		
Kemmaer.	Report on a s	separate fine for each	n class of securities b	CHCHC	iairy Ow.	neu un cei	луоги	idificetry.								
			Table I					in this for a current	orm are not tly valid Ol	requ VIB co	uired to ontrol ially Ov					1474 (9-02)
1. Title of Derivative Security (Instr. 3)	Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transa Code	puts, c action S 8) A		of A) or of (D)	in this for a current a current priced, Dispose potions, con	orm are not oftly valid Of sed of, or Be exercisable and Date	requires	uired to ontrol ially Ov s)	o respond un number. wned and Amount crlying es	8. Price of	9. Number of Derivative Securities Beneficially Owned Following Reported	of 10. Owners Form of Derivati Security Direct (or Indir	11. Nature hip of Indirect Beneficial Ownership (Instr. 4)
Derivative Security	Conversion or Exercise Price of Derivative	Date	3A. Deemed Execution Date, if any	4. Transa Code	8) A C C C C C C C C C C C C C C C C C C	Ealls, warn 5. Number Derivative Securities Acquired (Disposed of Instr. 3, 4,	of A) or of (D)	in this for a current a current priced, Dispose priced, Control of the current and the current	orm are not ottly valid Ol sed of, or Be evertible sec ercisable and Date y/Year)	requ MB co neficia urities 7. 0 S (I	uired to ontrol ially Ov s) 7. Title a of Under	o respond un number. wned and Amount crlying es	8. Price of Derivative Security	9. Number of Derivative Securities Beneficially Owned Following	of 10. Owners Form of Derivati Security Direct (or Indir	11. Nature of Indirect Beneficial Ownership (Instr. 4)

Reporting Owners

	Relationships					
Reporting Owner Name / Address	Director	10% Owner	Officer	Other		
GRAHAM THOMAS JR C/O NOVASTAR RESOURCES LTD., 8300 GREENSBORO DRIVE, SUITE 800 MCLEAN, VA 22102	X		Chairman and Interim Secretary			

Signatures

/s/ Thomas Graham, Jr.	08/07/2006
**Signature of Reporting Person	Date

Explanation of Responses:

- If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Previously reported (not amended).
- (2) The stock option was granted pursuant to a stock option agreement between the Reporting Person and the Issuer, dated as of July 27, 2006.

The option vested with respect to 1/36 of the total number of shares on July 27, 2006 and thereafter vests with respect to 1/36 of the total number of shares on the first day of each month until (3) all shares underlying the Option have vested. The option immediately automatically vest in full upon termination of the reporting person without Cause (as defined in an employment agreement between the Reporting Person and the Company, effective as of July 27, 2006).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.