
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

NOVASTAR RESOURCES LTD

(Exact name of Registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

91-1975651

(I.R.S. Employer
Identification No.)

Seth Grae

8300 Greensboro Drive, Suite 800
McLean, Virginia 22102
(703) 287-8743

(Address and telephone number of principal executive offices)

Copy to:

Louis A. Bevilacqua, Esq.

Joseph R. Tiano, Jr., Esq.

Thelen Reid & Priest LLP

701 8th Street, N.W.

Washington, D.C. 20001

(202) 508-4000

(Name and address, including zip code, and telephone
number, including area code, of agent for service)

Consulting Agreements

(Full title of the Plan)

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount of Shares to be Registered (1)	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Common Stock, \$0.001 par value per share	285,000	0.45	\$128,250	\$13.72

(1) The number of shares stated is the aggregate number of shares of Common Stock issued pursuant to the terms of the Consulting Agreements filed as exhibits hereto. The consulting agreements qualify as Employee Benefit Plans as defined under Rule 405 of Regulation C.

(2) This calculation is made solely for the purposes of determining the registration fee pursuant to the provisions of Rule 457(c) under the Securities Act of 1933, as amended, and is calculated on the basis of the last sale of the common stock reported on the OTC Bulletin Board as of September 15, 2006, a date within five business days prior to the filing of this registration statement.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents, which we previously filed with the Securities and Exchange Commission (the "SEC"), are incorporated by reference in this Registration Statement:

- (a) Our Annual Report on Form 10KSB, filed with the SEC on October 14, 2005, as amended on November 25, 2005, (Commission File No. 000-28535);
- (b) All Quarterly Reports on Form 10-QSB and all other reports filed by the Company pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), since the end of the fiscal year covered by the Annual Report referred to in (a) above;
- (c) The description of the Company's Common Stock, \$0.001 par value, set forth under the caption "Description of Securities" in the Company's registration statement on Form 8-A, dated July 14, 2006.

In addition, all documents we filed pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Registration Statement and prior to the filing of a post-effective amendment that indicates that all securities offered have been sold or that deregisters all securities then remaining unsold, are incorporated by reference in this Registration Statement and are a part hereof from the date of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

The legality of the Common Stock offered herein will be passed upon for the Company by Thelen Reid & Priest LLP, the Company's Counsel.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 78.7502 of the Nevada Revised Statutes provides:

Discretionary and mandatory indemnification of officers, directors, employees and agents: General provisions.

1. A corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, does not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and that, with respect to any criminal action or proceeding, he had reasonable cause to believe that his conduct was unlawful.

2. A corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom, to be liable to the corporation or for amounts paid in settlement to the corporation unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

3. To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections 1 and 2, or in defense of any claim, issue or matter therein, the corporation shall indemnify him against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense.

The foregoing indemnification provisions are broad enough to encompass certain liabilities of directors and officers of Company under the Securities and Exchange Act of 1933.

Our Bylaws provide for the indemnification of our directors and officers, past, present and future, under certain circumstances, against attorney's fees, judgments, fines and other expenses incurred by them in any litigation to which they become a party arising from their association with or activities on behalf of us. We will also bear expenses of such litigation for any of our directors, officers, employees or agents upon such persons promise to repay us therefor if it is ultimately determined that any such person shall not have been entitled to indemnification. This indemnification policy could result in substantial expenditure by us, which we may be unable to recoup.

Insofar as indemnification by us for liabilities arising under the Securities Exchange Act of 1934 may be permitted to our directors, officers and controlling persons pursuant to provisions of the Articles of Incorporation and Bylaws, or otherwise, we have been advised that in the opinion of the SEC, such indemnification is against public policy and is, therefore, unenforceable. In the event that a claim for indemnification by such director, officer or controlling person of us in the successful defense of any action, suit or proceeding is asserted by such director, officer or controlling person in connection with the securities being offered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

ITEM 8. EXHIBITS.

The following is a list of exhibits filed as part of this Registration Statement, which are incorporated herein:

Exhibit Number	Document
4.1	Consulting Agreement, dated July 18, 2006, between the Novastar Resources, Ltd. and David Lewis
4.2	Consulting Agreement, dated July 18, 2006, between the Novastar Resources, Ltd. and Aaron Foley
5	Opinion of Thelen Reid Priest LLP
23.1	Consent of Telford Sadovnick P.L.L.C.
23.2	Consent of Thelen Reid & Priest, LLP (included in Exhibit 5)
24	Power of Attorney (included in the signature page of this Registration Statement)

ITEM 9. UNDERTAKINGS.

(A) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement;

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high and of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement;

(iii) To include any additional or changed material information with respect to the plan of distribution not previously disclosed in this Registration Statement;

provided, however, that the undertakings set forth in paragraphs (a)(1)(i) and (a)(1)(ii) above do not apply if the Registration Statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(B) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(C) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

The Company.

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in McLean, Virginia on this 19th day of September, 2006.

NOVASTAR RESOURCES LTD

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

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities indicated on September 19, 2006.

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Seth Grae and Larry Goldman, and each or any of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead in any and all capacities, to sign any and all amendments (including post-effective amendments) and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
<u>/s/ Seth Grae</u> Seth Grae	President, Chief Operating Officer and Director	September 19, 2006
<u>/s/ Larry Goldman</u> Larry Goldman	Treasurer and Acting Chief Financial Officer	September 19, 2006
<u>/s/ Thomas Graham, Jr.</u> Thomas Graham, Jr.	Interim Secretary and Director	September 19, 2006
<u>/s/ Cornelius J. Milmo</u> Cornelius J. Milmo	Chief Operating Officer and Director	September 19, 2006
<u>/s/ Victor E. Alessi</u> Victor E. Alessi	Director	September 19, 2006

Index to Exhibits

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24	Power of Attorney (included in the signature page of this Registration Statement)

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT, dated July 18, 2006 (this “*Agreement*”), between NOVASTAR RESOURCES, LTD., a Nevada corporation (“*Company*”) and DAVID LEWIS, an individual (“*Consultant*”). For the purposes of this Agreement, either of the above shall be referred to as a “*Party*” and collectively as the “*Parties*”.

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. Appointment of Consultant. Company hereby appoints Consultant and Consultant hereby agrees to render services to Company to assist Company with its business strategy, management and corporate expansion goals.

2. Services. Subject to the terms of this Agreement, Consultant agrees to act as a consultant on behalf of Company and will render strategic and financial advisory services (the “*Services*”) on a non-exclusive basis as outlined below:

- Assist Company in developing a business strategy.
- Assist Company in developing an acquisition strategy and structure.
- Assist Company in performing due diligence.
- Assist Company in analyzing relevant financial and operating data.
- Assist Company in preparing a projection model, and other financial models.
- Assist Company in connection with investor relations.
- Other services as mutually agreed to by Company and Consultant.

3. Term. The term (“*Term*”) of this Agreement shall commence on the date first written above and shall expire twelve (12) months thereafter; provided, however, that this Agreement may be extended for additional periods of one (1) year with the mutual consent of the parties hereto. Notwithstanding the foregoing, this Agreement may be terminated by either party, with or without cause, at any time following upon sixty (60) days written notice to that effect to the other party.

4. Compensation.

(a) For the services rendered and performed by Consultant during the term of this Agreement, Company shall, as soon as practicable after the date hereof: pay to Consultant a total of Two Hundred and Fifty Thousand (250,000) shares of Company’s Common Stock (the “*Fee*”). These shares will be restricted stock and Company’s transfer agent will be instructed to imprint a standard restrictive legend that refers to transfer restrictions under the Securities Act of 1933, as amended and to impose stop transfer restrictions against the shares.

(b) Upon termination of this Agreement for any reason, Consultant expressly understands and agrees that Company's sole obligation shall be to pay Consultant the Fee.

(c) Reimbursement of any reasonable travel expenses, if any, shall be made according to Company's corporate policy. 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.

5. Termination. Consultant's engagement hereunder shall terminate at the end of the Term or any extension thereof as set forth in Section 3 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 sixty (60) days' written notice from Company to Consultant.

(b) The incapacity or death of Consultant.

(c) Upon delivery of written notice by Company to Consultant, if Consultant materially breaches this Agreement; provided that the Company gives Consultant a description of the material breach and at least twenty (20) days to cure such breach.

6. Confidentiality. Consultant will not disclose to any other person, firm or corporation, nor use for its own benefit, during or after the Term of this Agreement, any trade secrets or other information designated as confidential by Company which is acquired by Consultant in the course of performing services hereunder. Any financial advice rendered by Consultant pursuant to this Consulting Agreement may not be disclosed in any manner without the prior written approval of Company.

7. Independent Contractor. Consultant and Company hereby acknowledge that Consultant is an independent contractor. Consultant shall not hold itself out as, nor shall it take any action from which others might infer that it is an agent of or a joint venture of Company. All taxes and other expenses are also responsibility of Consultant.

8. Work For Hire.

(a) The parties acknowledge and agree that all rights, including without limitation ownership, patent and copyright, in any software, materials, reports (including, without limitation, report books, reference materials and other literature relating to Company's products or services or otherwise related to the Services), memoranda, graphics, logos or other work product prepared by Consultant pursuant to the terms of this Agreement, or otherwise for Company (hereinafter the "**Work Product**") vest in Company. The parties expressly acknowledge that the Work Product was specially ordered or commissioned by Company and further agree that it shall be considered a "Work Made for Hire" within the meaning of the copyright laws of the United States and that Company is entitled, as sole author, to the copyright and all other rights therein, throughout the world, including but not limited to, the right to make such changes therein and such uses thereof, as it may determine in its sole and absolute discretion. If, for any reason, the Work Product is not considered a "work made for hire" under the copyright laws of the United States as aforesaid, then Consultant hereby grants and assigns to Company, its successors and assigns, all of Consultant's right, title and interest in the Work Product, including, but not limited to, the copyright therein throughout the world (and any renewal, extension or reversion copyright now or hereafter provided), and all other rights therein of any nature whatsoever, whether now known or hereafter devised including, but not limited to, the right to make changes therein, and such uses thereof, as Company may determine in its absolute discretion. Consultant also agrees to keep necessary records, made alone or with others during the course of performing Services pursuant to this Agreement, and agrees to furnish Company, upon request, with all such records.

(b) If Company is unable, after reasonable effort, to secure Consultant's signature on any application for patent, copyright, trademark or other analogous registration or other documents regarding any legal protection relating to a Work Product, whether because of Consultant's physical or mental incapacity or for any other reason whatsoever, Consultant hereby irrevocably designates and appoints Company and its duly authorized officers and agents as Consultant's agent and attorney-in-fact, to act for and in Consultant's behalf and stead to execute and file any such application or applications or other documents and to do all other lawfully permitted acts to further the prosecution and issuance of patent, copyright or trademark registrations or any other legal protection thereon with the same legal force and effect as if executed by Consultant.

9. Proprietary Information

(a) For purposes of this Agreement, "proprietary information" means information relating to the business of Company or any affiliated or subsidiary entity and shall include (but shall not be limited to) information encompassed in all Work Product, specifications, drawings, graphics, logos, designs, computer programs, source code, object code, models, methodologies, algorithms, user documentation, plans, formulas, proposals, marketing and sale plans, financial information, costs, pricing information, customer information, and all methods, concepts or ideas in or reasonably related to the business of Company or information of customers or clients of Company which Company is required to maintain as confidential.

(b) Consultant agrees to regard and preserve as confidential, all proprietary information, whether or not it has such information in writing, other physical or magnetic form or such information is contained in Consultant's memory or the memory of any of Consultant's agents or employees. Consultant shall not, without written authority from Company to do so, directly or indirectly, use for the benefit or purpose, nor disclose to any other person or entity, either during the term of Consultant's engagement hereunder or thereafter, except as required by the conditions of Consultant's engagement hereunder, any proprietary information.

(c) Consultant shall not disclose any reports, recommendations, conclusions or other results of the Services or the existence or the subject matter of this contract without the prior written consent of Company. In Consultant's performance hereunder, Consultant shall comply with all legal obligations Consultant may now or hereafter have regarding the information or other property of any other person, firm or corporation.

(d) The foregoing obligations of this Paragraph shall not apply to any part of the information that (i) has been disclosed in publicly available sources of information, (ii) is, through no fault of Consultant, hereafter disclosed in publicly available sources of information, (iii) can be demonstrated to Company's satisfaction that it is now in the possession of Consultant without any obligation of confidentiality, or (iv) has been or is hereafter lawfully disclosed to Consultant by a third party, but only to the extent that the use or disclosure thereof has been or is rightfully authorized by that third party.

10. 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.

11. Entire Agreement/Modification/Survival. This Agreement sets forth the entire understanding of the Parties relating to the subject matter hereof, and supersedes and cancels any prior communications, understandings and agreements between the Parties. This Agreement is non-exclusive and cannot be modified or changed, nor can any of its provisions be waived, except by written agreement signed by all Parties. The terms and conditions of Paragraphs 7, 9, 10, 11 and 12 hereof shall survive the termination of this Agreement or completion of the Services as the case may be.

12. Assignment. Consultant shall be the primary provider of the Services and 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.

13. Governing Law. This Agreement shall be governed by the laws of the State of New York without reference to the conflict of law principles thereof. In the event of any dispute as to the Terms of this Consulting Agreement, the prevailing Party in any litigation shall be entitled to reasonable attorney's fees.

14. Notices. Any notice required or permitted hereunder shall be given in writing (unless otherwise specified herein) and shall be deemed effectively given upon personal delivery or seven business days after deposit in the United States Postal Service, by (a) advance copy by fax, (b) mailing by express courier or registered or certified mail with postage and fees prepaid, addressed to each of the other Parties thereunto entitled at the addresses specified on the signature page hereto, or at such other addresses as a Party may designate by ten days advance written notice to each of the other Parties at the addresses above and to the attention of the persons that have signed below.

[signature page follows]

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

COMPANY:

NOVASTAR RESOURCES, LTD.

/s/ Seth Grae

Seth Grae

President

CONSULTANT:

/s/ David Lewis

David Lewis

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT, dated July 18, 2006 (this "**Agreement**"), between NOVASTAR RESOURCES, LTD., a Nevada corporation ("**Company**") and AARON FOLEY, an individual ("**Consultant**"). For the purposes of this Agreement, either of the above shall be referred to as a "**Party**" and collectively as the "**Parties**".

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. Appointment of Consultant. Company hereby appoints Consultant and Consultant hereby agrees to render services to Company to assist Company with its business strategy, management and corporate expansion goals.

2. Services. Subject to the terms of this Agreement, Consultant agrees to act as a consultant on behalf of Company and will render strategic and financial advisory services (the "**Services**") on a non-exclusive basis as outlined below:

- Assist Company in developing a business strategy.
- Assist Company in developing an acquisition strategy and structure.
- Assist Company in performing due diligence.
- Assist Company in analyzing relevant financial and operating data.
- Assist Company in preparing a projection model, and other financial models.
- Assist Company in connection with investor relations.
- Other services as mutually agreed to by Company and Consultant.

3. Term. The term ("**Term**") of this Agreement shall commence on the date first written above and shall expire twelve (12) months thereafter; provided, however, that this Agreement may be extended for additional periods of one (1) year with the mutual consent of the parties hereto. Notwithstanding the foregoing, this Agreement may be terminated by either party, with or without cause, at any time following upon sixty (60) days written notice to that effect to the other party.

4. Compensation.

(a) For the services rendered and performed by Consultant during the term of this Agreement, Company shall, as soon as practicable after the date hereof, pay to Consultant a total of Thirty-Five Thousand (35,000) shares of Company's Common Stock (the "**Fee**"). These shares will be restricted stock and Company's transfer agent will be instructed to imprint a standard restrictive legend that refers to transfer restrictions under the Securities Act of 1933, as amended and to impose stop transfer restrictions against the shares.

(b) Upon termination of this Agreement for any reason, Consultant expressly understands and agrees that Company' sole obligation shall be to pay Consultant the Fee.

(c) Reimbursement of any reasonable travel expenses, if any, shall be made according to Company' corporate policy. 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.

5. Termination. Consultant's engagement hereunder shall terminate at the end of the Term or any extension thereof as set forth in Section 3 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 sixty (60) days' written notice from Company to Consultant.

(b) The incapacity or death of Consultant.

(c) Upon delivery of written notice by Company to Consultant, if Consultant materially breaches this Agreement; provided that the Company gives Consultant a description of the material breach and at least twenty (20) days to cure such breach.

6. Confidentiality. Consultant will not disclose to any other person, firm or corporation, nor use for its own benefit, during or after the Term of this Agreement, any trade secrets or other information designated as confidential by Company which is acquired by Consultant in the course of performing services hereunder. Any financial advice rendered by Consultant pursuant to this Consulting Agreement may not be disclosed in any manner without the prior written approval of Company.

7. Independent Contractor. Consultant and Company hereby acknowledge that Consultant is an independent contractor. Consultant shall not hold itself out as, nor shall it take any action from which others might infer that it is an agent of or a joint venture of Company. All taxes and other expenses are also responsibility of Consultant.

8. Work For Hire.

(a) The parties acknowledge and agree that all rights, including without limitation ownership, patent and copyright, in any software, materials, reports (including, without limitation, report books, reference materials and other literature relating to Company' 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.

9. Proprietary Information

(a) For purposes of this Agreement, "proprietary information" means information relating to the business of Company or any affiliated or subsidiary entity and shall include (but shall not be limited to) information encompassed in all Work Product, specifications, drawings, graphics, logos, designs, computer programs, source code, object code, models, methodologies, algorithms, user documentation, plans, formulas, proposals, marketing and sale plans, financial information, costs, pricing information, customer information, and all methods, concepts or ideas in or reasonably related to the business of Company or information of customers or clients of Company which Company is required to maintain as confidential.

(b) Consultant agrees to regard and preserve as confidential, all proprietary information, whether or not it has such information in writing, other physical or magnetic form or such information is contained in Consultant's memory or the memory of any of Consultant's agents or employees. Consultant shall not, without written authority from Company to do so, directly or indirectly, use for the benefit or purpose, nor disclose to any other person or entity, either during the term of Consultant's engagement hereunder or thereafter, except as required by the conditions of Consultant's engagement hereunder, any proprietary information.

(c) Consultant shall not disclose any reports, recommendations, conclusions or other results of the Services or the existence or the subject matter of this contract without the prior written consent of Company. In Consultant's performance hereunder, Consultant shall comply with all legal obligations Consultant may now or hereafter have regarding the information or other property of any other person, firm or corporation.

(d) The foregoing obligations of this Paragraph shall not apply to any part of the information that (i) has been disclosed in publicly available sources of information, (ii) is, through no fault of Consultant, hereafter disclosed in publicly available sources of information, (iii) can be demonstrated to Company' 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.

10. 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.

11. Entire Agreement/Modification/Survival. This Agreement sets forth the entire understanding of the Parties relating to the subject matter hereof, and supersedes and cancels any prior communications, understandings and agreements between the Parties. This Agreement is non-exclusive and cannot be modified or changed, nor can any of its provisions be waived, except by written agreement signed by all Parties. The terms and conditions of Paragraphs 7, 9, 10, 11 and 12 hereof shall survive the termination of this Agreement or completion of the Services as the case may be.

12. Assignment. Consultant shall be the primary provider of the Services and 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.

13. Governing Law. This Agreement shall be governed by the laws of the State of New York without reference to the conflict of law principles thereof. In the event of any dispute as to the Terms of this Consulting Agreement, the prevailing Party in any litigation shall be entitled to reasonable attorney's fees.

14. Notices. Any notice required or permitted hereunder shall be given in writing (unless otherwise specified herein) and shall be deemed effectively given upon personal delivery or seven business days after deposit in the United States Postal Service, by (a) advance copy by fax, (b) mailing by express courier or registered or certified mail with postage and fees prepaid, addressed to each of the other Parties thereunto entitled at the addresses specified on the signature page hereto, or at such other addresses as a Party may designate by ten days advance written notice to each of the other Parties at the addresses above and to the attention of the persons that have signed below.

[signature page follows]

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

COMPANY:

NOVASTAR RESOURCES, LTD.

/s/ Seth Grae
Seth Grae
President

CONSULTANT:

/s/ Aaron Foley
Aaron Foley

September 19, 2006

Novastar Resources Ltd.
8300 Greensboro Drive, Suite 800
McLean, Virginia 22102

RE: *Registration Statement on Form S-8 (the "Registration Statement") of Novastar Resources Ltd.*

Ladies and Gentlemen:

We have acted as counsel to Novastar Resources Ltd., a Nevada corporation (the "Company"), in connection with a registration statement on Form S-8 covering 285,000 shares of the Company's common stock (the "Shares"), offered on behalf of the Company in connection with the two consulting agreements that were filed as exhibits 4.1 and 4.2 of the Registration Statement (the "Consulting Agreements").

In connection with this opinion, we have examined the Registration Statement, the Consulting Agreements and the Company's Articles of Incorporation and By-laws (each as amended to date), copies of the records of corporate proceedings of the Company, and such other documents, certificates, instruments and corporate records, and such statutes, decisions and questions of law, as we have deemed necessary or appropriate for the purpose of this opinion. In our examination we have assumed the conformity to original documents of documents submitted to us as copies, the genuineness of all signatures and that the documents submitted to us are within the capacity and powers of, and have been validly authorized, executed and delivered by, each party thereto, other than the Company. As to any facts that we did not independently establish or verify, we have relied without independent investigation upon statements, representations and certificates of officers of the Company.

Based upon and subject to the foregoing, we are of the opinion that the Shares, when issued in accordance with the Stock Consulting Agreements, will be validly issued, fully paid and non-assessable.

Our opinion expressed above is limited to the General Corporation Law of the State of Nevada and the federal laws of the United States of America.

We hereby consent to the use of this opinion as an exhibit to the Registration Statement and to the use of our name, as counsel, therein. In giving the foregoing consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Securities and Exchange Commission thereunder.

This opinion is rendered solely for your benefit and may not be relied upon or used by, circulated, quoted or referred to, nor may copies hereof be delivered to, any other person without our prior written approval.

This opinion is limited to laws currently in effect on the date hereof and to the facts as they currently exist. We assume no obligation to revise, supplement or otherwise update this opinion.

Very truly yours,

/s/ Thelen Reid & Priest LLP

THELEN REID & PRIEST LLP

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

The Board of Directors
Novastar Resources Ltd.
(An Exploration Stage Company)

We consent to the incorporation by reference in the Registration Statement of Novastar Resources Ltd. (An Exploration Stage Company) on Form S-8, pertaining to 285,000 shares of its common stock, or our Report of Independent Registered Public Accounting Firm, dated October 11, 2005, with respect to the financial statements of Novastar Resources Ltd. included in the annual report on Form 10-KSB, comprising the consolidated balance sheet as at June 30, 2005, the related consolidated statements of operations, stockholders' deficiency and cash flows for the year ended June 30, 2005 and for the cumulative period from June 28, 1999 (inception) to June 30, 2005, as filed with the Securities and Exchange Commission.

TELFORD SADOVNICK, P.L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Bellingham, Washington

September 18, 2006