

Notice of change in interests of substantial holder

To: Company Name/Scheme: ALARA RESOURCES LIMITED (AUQ)

ABN **27 122 892 719**

1. Details of substantial holders ⁽¹⁾

Name		ACN / ABN
FAROOQ KHAN	(F KHAN)	
ISLAND AUSTRALIA PTY LTD	(ISLAND)	A.C.N. 073 447 300
SKIN-PLEX LABORATORIES PTY LTD	(SKIN-PLEX)	A.C.N. 009 424 560
THE ESSENTIAL EARTH PTY LTD	(ESSENTIAL)	A.C.N. 009 029 305

There was a change in the interests of the substantial holders on: 23 December 2010
 The previous notice was given to the company on: 10 December 2010
 The previous notice was dated: 10 December 2010

2. Previous and present voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate⁽²⁾ had a relevant interest⁽³⁾ in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities ⁽⁴⁾	Previous notice		Present notice	
	Person's votes	Voting power ⁽⁵⁾	Person's votes	Voting power ⁽⁵⁾
Ordinary Shares	9,430,986	7.45%	7,430,986	5.874%
Based on AUQ total issued share capital of (shares)	126,507,500		126,507,500	

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change ⁽⁶⁾	Consideration given in relation to change ⁽⁷⁾ \$	Class and number of securities affected	Person's votes affected
				Ordinary Shares	
23/12/2010	The parties named in (1) above	On-market sale by OEQ	\$740,000	2,000,000	2,000,000

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Nature of relevant interest ⁽⁷⁾	Class and number of securities
		Ordinary Shares
OEQ	Legal and beneficial holder of shares:	7,332,744
QUE	Taken under section 608(3)(b) of the Corporations Act to have a relevant interest in securities in which OEQ has a relevant interest by reason of having control of OEQ	
F KHAN	Taken under section 608(3)(a) of the Corporations Act to have a relevant interest in securities in which QUE has a relevant interest by reason of having voting power above 20% in QUE	
ISLAND		
SKIN-PLEX		
ESSENTIAL		
F KHAN	Legal and beneficial holder of shares	

5. Changes in association

The persons who have become associates⁽²⁾ of, ceased to be associates of, or have change the nature of their association⁽⁹⁾ with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name	ACN/ARSN (if applicable)	Nature of association
N/A	N/A	N/A

6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
ORION EQUITIES LIMITED ABN 77 000 742 843 (OEO)	Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia 6000
QUESTE COMMUNICATIONS LTD ABN 58 081 688 164 (QUE)	Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia 6000
F KHAN	c/- Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia 6000
ISLAND	c/- Attewells, Ground Floor, 83 Havelock Street, West Perth, Western Australia 6005
SKIN-PLEX	c/- Attewells, Ground Floor, 83 Havelock Street, West Perth, Western Australia 6005
ESSENTIAL	c/- Attewells, Ground Floor, 83 Havelock Street, West Perth, Western Australia 6005

Signature

sign here _____ Date 29 December 2010
 print name FAROOQ KHAN capacity Personally and as Director of ISLAND, SKIN-PLEX and ESSENTIAL

DIRECTIONS

(1) If there are a number of substantial holders with similar or related relevant interests (eg a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.

(2) See the definition of "associate" in section 9 of the Corporations Act.

(3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act.

(4) The voting shares of a company constitute one class unless divided into separate classes.

(5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.

(6) Include details of:

- (a) any relevant agreement or other circumstance because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
- (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act.

(7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

(9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.