

Form **605**
Corporations Act 2001
Section 671B

Notice of ceasing to be a substantial holder

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

ACN/ARSN **27 122 892 719**

1. Details of substantial holder ⁽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: 17 June 2011
 The previous notice was given to the company on: 29 December 2010
 The previous notice was dated: 29 December 2010

2. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest ⁽²⁾ of the substantial holder or an associate ⁽³⁾ in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company are as follows:

| Date of change | Person whose relevant interest changed | Nature of change ⁽⁴⁾ | Consideration given in relation to change ⁽⁵⁾ | Class ⁽⁶⁾ and number of securities affected | Person's votes affected |
|----------------|--|---------------------------------|--|--|-------------------------|
| 17 June 2011 | The parties named in (1) | On-market sale by OEQ | \$315,000 | (1,000,000) | (1,000,000) |

Note:

- (a) OEQ is a legal, beneficial and registered holder of securities in AUQ;
- (b) QUE is taken under section 608(3)(b) of the Corporations Act to have a relevant interest in AUQ securities in which OEQ has a relevant interest by reason of having control of OEQ; and
- (c) FKHAN (and associated companies named in (1)) are taken under section 608(3)(a) of the Corporations Act to have a relevant interest in the AUQ securities in which QUE has a relevant interest by reason of having a >20% voting power in QUE.

3. Changes in association

The persons who have become associates ⁽²⁾ of, ceased to be associates of, or have changed the nature of their association ⁽⁷⁾ with, the substantial holder in relation to voting interests in the company or scheme are as follows:

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

4. Addresses

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

| Name | Address |
|---|---|
| ORION EQUITIES LIMITED ABN 77 000 742 843 (OEQ) | 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 |
| QUESTE COMMUNICATIONS LTD ABN 58 081 688 164 (QUE) | Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia 6000 |

Signature

sign here _____

Date 21 June 2011

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 "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (3) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (4) Include details of:
 - (a) any relevant agreement or other circumstances 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 2001.

- (5) 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.
- (6) The voting shares of a company constitute one class unless divided into separate classes.
- (7) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.