Shareholders and investors are reminded that this trading update for the period ended 6 April 2017 is based on the Group's internal records and management accounts, and has not been reviewed or audited by external auditors. Shareholders and investors are cautioned not to rely unduly on this trading activities update and are advised to exercise caution when dealing in the shares of the Company.

Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

FIRST QUARTER 2017 TRADING UPDATE

Following a positive end to 2016, dry bulk freight market indices followed a familiar pattern with a short seasonal decline in early 2017 and recovery after the Chinese New Year period. However, rates remained well above the historic low levels of one year ago.

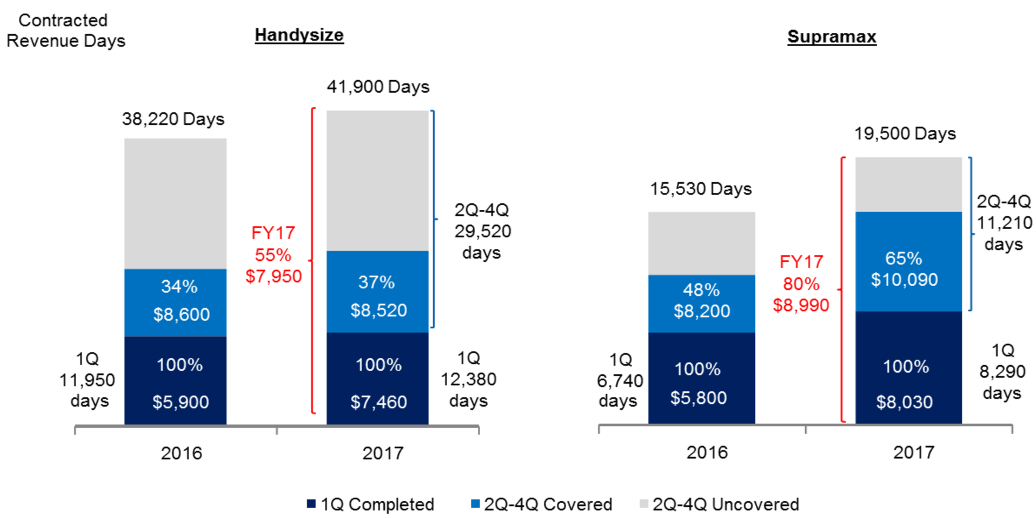
OUTPERFORMANCE CONTINUES AND THE MARKET IS RECOVERING

We generated average Handysize and Supramax daily TCE earnings of US$7,460 and US$8,030 per day net in the first quarter, representing a 26% and 38% improvement year on year and outperforming the BHSI and BSI spot market indices by 18% and 3.5% respectively.

If we exclude vessel days attributable to our short-term operated ships that we charter in for less than one year and factor their positive margin into the TCE results of our core owned and long-term fleet, then our restated first quarter Handysize and Supramax daily TCE earnings would improve to US$7,570 and US$8,950 per day net representing a 20% and 15% outperformance of the BHSI and BSI.

As at 31 March, we have secured cover for the remaining three quarters of 2017 as follows:

- 37% of our 29,520 contracted Handysize revenue days at around US$8,520 per day net
- 65% of our 11,210 contracted Supramax revenue days at around US$10,090 per day net



Currency in US$, data as at 31 Mar 2017

Our Handysize and Supramax capacity has increased year on year due to our larger fleet of owned ships complemented by ships on shorter-term charters. The market improvement since last year benefits our owned and long-term chartered ships with higher TCE earnings which have stable costs, while increasing our cost of new short-term chartered-in vessels. However, we are generally able to generate operating margins on these short-term charters which contribute to our results irrespective of whether the market is high or low.

During the quarter, we took delivery of six newbuildings of the latest, efficient designs, leaving us with one remaining newbuilding which joins our fleet in the second quarter.

www.pacificbasin.com
Customers > Our Fleet
See our website for our fleet details

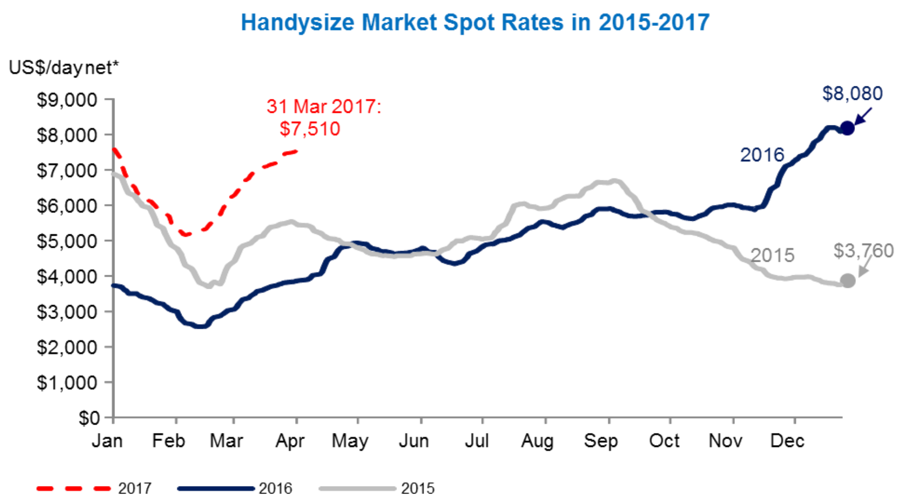
As reported in our annual results announcement, we used the weak market in early 2017 to purchase a second-hand Supramax and sell an older, smaller Supramax, thereby trading up to a vessel of better design and longer life at an attractive price. We have since also purchased a 7-year old Handysize vessel, and will continue to look for opportunities to purchase quality vessels and to assess attractive fleet renewal opportunities. This latest acquisition and the delivery of our final newbuilding in May will increase our owned fleet to 100 ships.

Early this year, we established a new commercial office in Rio de Janeiro to help grow our cargo volumes and support our many customers on the east coast of South America while enabling us to more fully cover all regions in the Atlantic.

On 4 May 2017, we will relocate our headquarters to Wong Chuk Hang, about 15 minutes from Hong Kong's Central business district. The move will result in significant cost savings over the coming 6 years and beyond, while also allowing us to create a more energetic, collaborative and productive working environment.

FREIGHT MARKET IS WELL ABOVE LOWS OF ONE YEAR AGO

Market spot rates for Handysize and Supramax ships averaged US$6,300 and US$7,760 per day net respectively in the first quarter of 2017. These average market rates are only marginally down on the strong previous quarter, but represent a significant increase compared to the first quarter of last year.



* excluded 5% commission
Source: Baltic Exchange, data as at 31 March 2017

Market conditions improved after the seasonal dip around Chinese New Year, especially in the Pacific which started the year weaker than the Atlantic. By the end of the quarter, Pacific rates were at their highest in over two years, partly driven by increased Chinese economic and industrial activity, and Chinese minor bulk imports which, based on weekly sales data, are estimated to have increased around 24%* in the first two months compared to the same period in 2016. In the Atlantic, US agricultural bulk exports in the first two months grew about 21% year on year.

Scrapping of dry bulk ships has significantly reduced in the year to date compared to last year due to the improved freight rate environment. Newbuilding deliveries have roughly matched last year's level, as expected. In combination, these factors have resulted in net fleet growth of approximately 1.5% during the quarter. The explanation for the stronger freight rates therefore lies with overall improvements in dry bulk demand.

The improved freight market conditions have supported sale and purchase activity and increased vessel values. Clarksons Platou currently values a five year old Handysize bulk carrier at US$14.0 million, up from US$12.0 million at the end of 2016. Newbuilding prices have registered a smaller 3% increase to US$20.0 million. Ordering activity remains limited and the outstanding orderbook continues to decline.

* *This represents a basket of 8 minor bulks imported into China, including logs, soybean, cereals, fertiliser, bauxite, nickel, copper concentrates and manganese ore.*

PAST THE WORST, BUT MORE PATIENCE IS REQUIRED

While we believe the worst of the current dry bulk market cycle is behind us, the market improvement year on year was from a very low base and both supply and demand factors remain uncertain. The orderbook is shrinking, but the global fleet is still growing and lingering oversupply, the risk of new ordering and the potential for increased ship operating speeds remain negative factors. More patience, scrapping and lack of ordering are required for a more fundamental market balance to be sustained.

By Order of the Board

Mok Kit Ting, Kitty
Company Secretary

Hong Kong, 6 April 2017

As at the date of this announcement, the executive Directors of the Company are David Muir Turnbull, Mats Henrik Berglund, Andrew Thomas Broomhead and Chanakya Kocherla, and the independent non-executive Directors of the Company are Patrick Blackwell Paul, Robert Charles Nicholson, Alasdair George Morrison, Daniel Rochfort Bradshaw, Irene Waage Basili and Stanley Hutter Ryan .