Pacific Basin Shipping Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2343)

THIRD QUARTER 2010 TRADING UPDATE

HIGHLIGHTS

Overall dry bulk market recovered sooner than we expected following mid-year slow-down

Handysize and handymax freight rates have trended lower since September, but we expect a seasonal upswing from November and into early 2011

Market conditions improved for our other business divisions

Pacific Basin Dry Bulk

- Freight activity and earnings in the overall dry bulk market improved sooner than we expected following a mid-year seasonal slow-down, although rates for handysize and handymax vessels have trended down since September
- While handysize spot rates are now down to mid-July levels, the Baltic Dry Index has increased 60% since the market upturn in July; Q3 average handysize spot rate still represented a 30% increase year on year
- Net capacity expanded 12% in the dry bulk sector and 10% in the handysize segment in the first nine months following a 38% shortfall in scheduled newbuilding deliveries
- Five year old handysize ship values remain unchanged since our interim results announcement at US$26 million (up 13% since January) whilst newbuildings are valued at a marginally more expensive US$26.5 million
- Our core fleet of dry bulk vessels has expanded with long term charters of three more ships, bringing to 17 the number of ships we have purchased and long term chartered since December 2009
- We expect to see a seasonal upswing in the market for handysize and handymax bulk carriers from November and into early 2011
- Contract cover is in place for 96% of our combined handysize and handymax revenue days in 2010 and 46% in 2011; 94% of our handysize revenue days in 2010 are covered at US$16,670 per day and 37% of our handysize revenue days in 2011 are covered at US$14,230 per day

PB Energy & Infrastructure Services

- Utilisation of both our offshore and harbour towage fleets has increased due to some revival in infrastructure and offshore construction and increased containership movements in our main market in Australasia
- Harbour towage also benefited from some expansion of our customer base in Australia and stronger than expected results from our new service in the Port of Townsville

PB RoRo

- We exercised a purchase option and took delivery of our second RoRo vessel in early October; the ship is committed to the new Nafta Gulf Bridge RoRo service between US Gulf and Mexico, scheduled to commence late this year
- We have committed to invest up to US$4 million in Nafta Gulf Bridge operating company NGB Express Lines
- The Euro-centric RoRo market is improving with a few trades making significant recovery towards pre-recession levels, although the main operators have yet to see full utilisation of their existing capacity

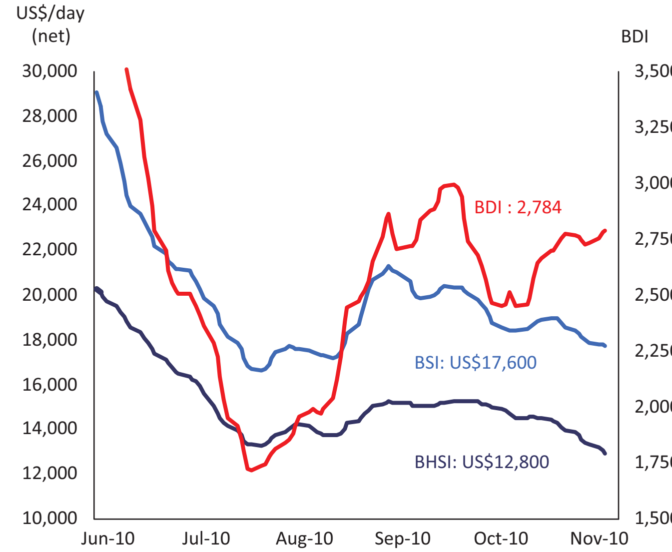
MARKET AND BUSINESS REVIEW

Pacific Basin Dry Bulk

Freight activity and earnings in the overall dry bulk market improved sooner than we expected following a mid-year seasonal slow-down which saw handysize spot rates drop 35% between May and mid-July. Rates strengthened until early September, since which time the market for smaller vessels trended down to mid-July levels.

While handysize spot rates stood at US$12,800 per day net at 27 October, the third quarter average handysize spot rate of US$14,400 still represented a 30% increase year on year. This market was influenced by the seasonal recovery followed by a subsequent decline in grain export activity and shipments of minor bulks at a time of rapid new ship deliveries.

Baltic Dry Index (BDI), and Handysize (BHSI) & Handymax (BSI) spot rates



Source: The Baltic Exchange, as at 27 Oct 2010

By comparison, the Baltic Dry Index ("BDI") was heavily influenced by capesize volatility and increased 60% over the same period largely due to expanded iron ore trade volumes. This once again illustrates the comparative stability of the handysize segment which continues to outperform all other dry bulk segments relative to their respective average earnings in 2009.

New dry bulk capacity delivered in the first nine months of the year was up almost 90% year on year, despite actual deliveries of only 62% of the scheduled orderbook for the period. This represents a similar shortfall to that of a year ago, and we estimate approximately 75 million tonnes of capacity will deliver in 2010 which would significantly surpass the record deliveries of 2009.

Combined with the relatively limited effect of capacity changes from bulk carrier conversions and scrapping so far this year, the large volume of newbuilding deliveries lead to a 12% net expansion of the dry bulk fleet in the year to date. The fleet of 25,000-35,000 dwt handysize vessels expanded by 10% net (compared to 7% at mid-year) after recently accelerated deliveries in this segment. A little over one third of dry bulk scrapping was attributable to the overall handysize sector.

Following the higher level of newbuilding deliveries in the year to date, the published dry bulk orderbook has reduced to a still significant 54% of the fleet afloat. Meanwhile, the orderbook for 25,000-35,000 dwt handysize vessels stands at 34%. Approximately 27% of the handysize fleet is older than 25 years, so this market segment stands to benefit from potentially significant scrapping in the coming few years which would largely offset the influx of new capacity.

Clarksons' estimated value of a benchmark five year old 28,000 dwt handysize vessel remains unchanged since our 2010 interim results announcement at approximately US$26 million, representing an 18% increase since the start of the year. Newbuilding vessels of the same type are valued at a marginally more expensive US$26.5 million. In the second-hand market, Japanese-built ships now command a greater premium due to owners' growing preference for them. These stronger average valuations are reflected in the increased asset value of our existing fleet comprising mainly Japanese-built vessels.

Since our interim results announcement, we have continued to expand our core fleet of dry bulk vessels with long term charters of three more ships. This brings the number of ships we have purchased and long term chartered to nine and eight respectively since reviving our fleet expansion programme in December 2009. We remain on the look-out for further ship acquisition opportunities, mindful not to increase our competitive fleet breakeven cost. Our current acquisition focus is on newbuildings in view of the negligible price differential between newbuildings and modern secondhand vessels, and due to the opportunity this affords us to renew our fleet with improved ship designs.

The prospects for the dry bulk market over the next few months will be driven by changes in the balance of the following factors:

– healthy demand for minor bulk commodities boosted by the weaker US Dollar and impacting handysize and handymax segments in particular

– seasonally stronger demand towards the year end, particularly in the grain, iron ore and coal trades

– a restocking of reportedly relatively low Chinese iron ore and coal inventories combined with increased foreign versus domestic iron ore arbitrage potential due to reduced fourth quarter pricing of imported ore

– an expected strong resumption of Indian trades following the end of the monsoon season

– increased longer-haul grain shipments from the United States following a Russian ban on wheat exports, thus amplifying tonne-mile demand for dry bulk shipping

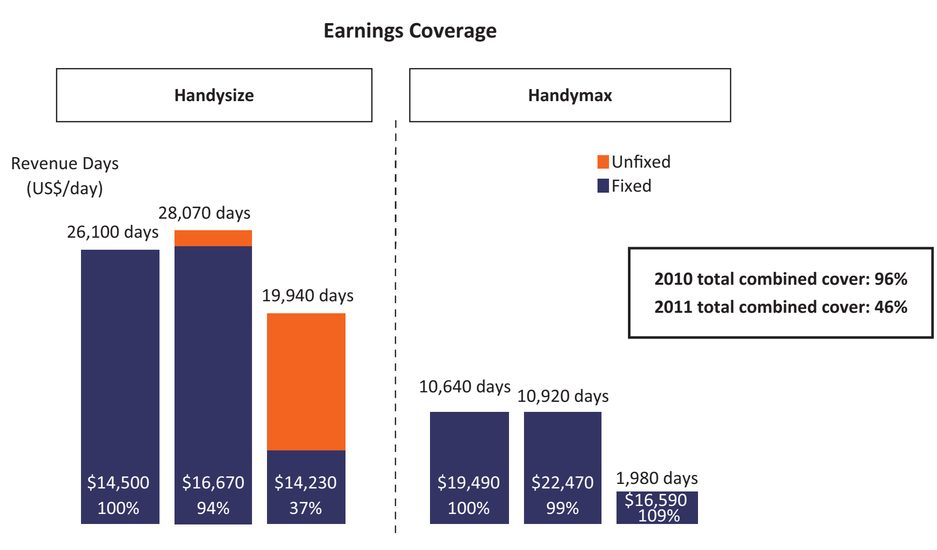
– further increasing inefficiency in the utilisation of the global fleet due to widening east-west trade imbalances – benefiting the market for smaller ships in particular – and a seasonal return of more stifling port congestion

– potentially rapid expansion of dry bulk shipping capacity due to excessive newbuilding deliveries

In this context, we expect to see a seasonal upswing in the market for handysize and handymax bulk carriers from November and into early 2011, albeit for the handysize segment to remain relatively range-bound. We are still mindful that newbuildings are delivering at record-high levels and so will continue to monitor the degree to which the swelling fleet is absorbed by strong cargo demand and offset by increasingly inefficient global fleet utilisation.

As is usual by this time of the year, we have covered substantially all of our contracted revenue days for 2010 with 94% of our handysize revenue days in 2010 now covered at US$16,670 per day. Our cargo book building efforts are focused on 2011 and beyond, and we have currently secured handysize cover of 37% for next year at an average rate of US$14,230 per day. This is a similar average rate to that which we had secured for 2010 by the start of this year, and higher than today's forward rates. However, our handysize cover percentage for 2011 is at the lower end of what we would normally expect to achieve by this time of year as recent contract of affreightment rates have been less compelling than the general forward market.

As at 27 October 2010, cargo cover is in place for 96% and 46% of our combined handysize and handymax revenue days in 2010 and 2011 respectively (expressed in handysize-equivalent days) as follows:



PB Energy & Infrastructure Services

Offshore towage and infrastructure support activity is experiencing some revival and a healthier outlook following a pickup in infrastructure and offshore construction focused on our main market in Australasia. As a result, utilisation of our offshore fleet is improving.

Our Fujairah Bulk Shipping joint venture's initial Fujairah Northern Land Reclamation project is drawing to a close having now delivered over 50 million out of the contracted 54 million tonnes of landfill. FBSL has secured some additional smaller, one-off contracts and is currently assessing new opportunities in the market, but we have not yet secured any significant new longer-term contracts for next year.

Utilisation has also improved in our harbour towage business on the back of increased containership movements, some expansion of PB Towage Australia's customer base and stronger than expected results from our new service in the Port of Townsville, though competitive pressures remain. With the delivery of four newbuilding harbour tugs in the second quarter, we reduced the average age of our fleet and have subsequently upgraded our port services on the Queensland coast. We expect to see continued but gradual improvement in harbour towage demand in 2011 as the Australian container trade improves further.

Having taken delivery of the last of our newbuilding tugs in July, our PB Towage fleet size remains unchanged with 40 vessels as previously reported in our interim results announcement.

Our marine surveying and consultancy subsidiary PacMarine Services has recently enlarged its oil major clientele and continues to grow its business rapidly and expand its market share.

PB RoRo

Our "Humber Viking" has completed a full year of satisfactory service in the North Sea under charter to Norfolk Line (now part of DFDS). In early October, we exercised the purchase option and took delivery of our second RoRo vessel which we have named the "Strait of Dover", the first of two Hyundai Mipo-built newbuildings we secured in 2008 under long term charters with purchase options.

We have committed the "Strait of Dover" to a new RoRo service between Mobile in the US Gulf and Veracruz on the Gulf coast of Mexico which is scheduled to commence late this year. This "Nafta Gulf Bridge" service is designed to offer a fast, cost-efficient, safer and more reliable route between the Eastern United States and Southern Mexico for shippers of trailered goods who, until now, have been exposed to congested highways and land border crossings as well as a shortage of tractors and trailers in the United States. Pacific Basin has also committed to invest up to US$4 million in the Nafta Gulf Bridge operating company NGB Express Lines (www.naftagulfbridge.com), as we consider this to be an exciting start-up trade with good potential.

The Euro-centric RoRo market is improving with monthly European trailer volumes increasing year on year and a few trades making significant recovery towards pre-recession levels, although the main operators have yet to see full utilisation of their existing capacity. Scrapping of RoRo tonnage in the year to date has reached almost 10% of the global RoRo fleet and, while the orderbook of vessels due to deliver over the next two years will add some 15%, there have been negligible fresh newbuilding orders since the start of 2009. Taken together, this implies the potential for significant improvement in the RoRo supply side picture with effect from next year. This is in line with our previous expectations and reinforces our confidence in the longer term employment prospects for our four remaining RoRo newbuildings scheduled to deliver in December 2010 and throughout 2011. However, we expect the initial earnings prospects for these ships to be well below our desired levels.

Fleet Development

Since our interim results announcement, our core fleet has expanded by three long term chartered ships and the Group's overall fleet (including newbuildings) currently numbers 176 vessels comprising 130 dry bulk ships, 39 tugs and barges, one bunker tanker and six RoRos. Our dry bulk core fleet has an average vessel age of less than seven years.

The following table summarises our fleet commitments as at 28 October 2010:

	Existing Vessels		Newbuildings on order		
	Owned	Chartered[1]	Owned	Chartered[1]	Total
Dry Bulk Fleet					
Handysize	26	55	2	7	90
Handymax	2	32	1	3	38
Post Panamax	–	–	1	1	2
Total Dry Bulk Vessels	**28**	**87**	**4**	**11**	**130**
Towage					
Tugs	31	2	–	–	33
Barges	6	–	–	–	6
Bunker Tanker	1[2]	–	–	–	1
Total Towage Vessels	**38**	**2**	**–**	**–**	**40**
Roll on Roll off	**2**	**–**	**4[3]**	**–**	**6**
Grand Total	**68**	**89**	**8**	**11**	**176**

Note:

1. Dry bulk chartered fleet comprises 13 vessels under finance leases and 85 vessels under operating leases, including non-core vessels chartered in for shorter term periods
2. The Group has a 50% interest in the bunker tanker
3. Owned RoRos includes 1 chartered-in RoRo newbuilding vessel which can be acquired by the Group within approximately 2 months of its delivery from the shipyard subject to exercise of the purchase option

A table detailing our fleet development in the period since 30 June 2010 can be found in the Fleet section of our website at www.pacificbasin.com.

By Order of the Board
Klaus Nyborg
Chief Executive Officer

Hong Kong, 28 October 2010

As at the date of this announcement, the executive directors of the Company are David Muir Turnbull, Klaus Nyborg, Jan Rindbo, Wang Chunlin and Andrew Broomhead, the non-executive director of the Company is Richard Maurice Hext, and the independent non-executive directors of the Company are Robert Charles Nicholson, Patrick Blackwell Paul, Alasdair George Morrison and Daniel Rochfort Bradshaw.

Shareholders and investors are reminded that this trading update for the period ended 28 October 2010 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 securities of the Company.