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Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

IMPORTANT INFORMATION ABOUT WESTERN DESERT RESOURCES LIMITED

This announcement is made by Pacific Basin Shipping Limited (the “Company” and, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

Reference is made to the stock exchange announcement made on the ASX Limited on 8 September 2014 by Western Desert Resources Limited (“WDR”), whose subsidiary, WDR Iron Ore Pty Ltd (“WDRIO”) has entered into transactions with the Group in the ordinary and usual course of the towage business of the Group, stating that WDR and WDRIO have appointed voluntary administrators and accordingly have entered into voluntary administration (the “Voluntary Administration”). One of its creditors has also appointed receivers to WDR and WDRIO (the “Receivership”).

As announced in the Company’s First Quarter Trading Update published on 15 April 2014, (i) the Group has been providing towage services to an iron ore transshipment project in Australia’s Northern Territory (the “Project”); and (ii) the terms of the Group’s involvement in the Project were restructured due to the physical difficulties of the location such that:

- (1) four of the Group’s barges remain deployed on the Project on a bareboat charter basis for five years until 2019 with purchase and put options in favour of the charterer and a member of the Group respectively; and
- (2) four of the Group’s tugs were deployed on the Project on a bareboat charter basis until they are redelivered to the Group pursuant to the terms of the relevant charters.

The board of Directors (the “Board”) of the Company wishes to inform the Company’s shareholders and potential investors that: (i) WDRIO is the Group’s customer for the Project; and (ii) as of today, a total of six vessels are deployed on the Project and are still on bareboat charter to WDRIO. These comprise all four barges and two remaining tugs that are scheduled to redeliver to the Group upon expiry of their charters within September 2014.

As of 10 September 2014, the consolidated financial statements of the Group show debts owing from WDR amounting to approximately US\$8.9 million which comprised mainly (i) receivables of US\$7.1 million arising from the barge bareboat charter contracts (however these barges may in certain circumstances be returned to the control of the Group) and (ii) other receivables of US\$1.8 million.

The Group and its Australian legal counsel are in dialogue with WDRIO and with the voluntary administrators and receivers of WDR and WDRIO to ensure that the Group's rights and interests are duly considered and enforced. The Voluntary Administration and the Receivership are in their very early stages but are not expected to have any material impact on the operations of the Group. The Board cannot yet determine the final amounts that may or may not be recoverable from WDRIO. However, with consolidated total assets of the Group amounting to US\$2,368.5 million as at 30 June 2014, we continue to benefit from a robust balance sheet. The Company will comply with its disclosure obligations in accordance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

The Board confirms that, save as disclosed herein, it is not aware of any matter discloseable under the Listing Rules relating to WDR and WDRIO, which is or may be of a price-sensitive nature, or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

By Order of the Board
Pacific Basin Shipping Limited
Mok Kit Ting, Kitty
Company Secretary

Hong Kong, 11 September 2014

As at the date of this announcement, the Directors of the Company are:

Executive Directors: David Muir Turnbull, Mats Henrik Berglund, Jan Rindbo, Andrew Thomas Broomhead and Chanakya Kocherla

Independent non-executive Directors: Patrick Blackwell Paul, Robert Charles Nicholson, Alasdair George Morrison, Daniel Rochfort Bradshaw and Irene Waage Basili