Pacific Basin Shipping Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2343)

FIRST QUARTER 2010 TRADING UPDATE

HIGHLIGHTS

Handysize and handymax sectors off to a good start in the first quarter of 2010
We expect dry bulk to remain firm before weakening in the second half of the year, but see scope for surprise on the upside

Pacific Basin Dry Bulk

- Good start to 2010 with handysize and handymax freight rates increasing 20% and 17% respectively year to date on continued strong demand for commodity transport
- Capesize rates have dropped 34% and are now below handymax rates, highlighting the resilience of smaller vessels
- 16.3 million tonnes of new dry bulk capacity delivered in the quarter – approximately 50% less than scheduled – driving 5.2% and 3.1% net capacity expansion in capesize and handysize sectors respectively
- Five year old handysize ship values have increased by US$3.5 million or 15% since January to US$26.5 million today, generating increased asset value for our existing fleet, including our recent acquisitions
- Pacific Basin Dry Bulk fleet expanded to 119 ships including six purchases and four long term charters since December 2009
- Contract cover in place for 78% of our combined handysize and handymax revenue days in 2010, reflecting our effort to utilise short term capacity and deploy remaining 2010 capacity in spot market

PB Energy & Infrastructure Services

- Mixed performance and outlook: strengthening demand and increasing activity for offshore towage, but harbour towage remains sluggish and infrastructure developments in the Middle East remain slow
- PB Towage fleet took delivery of six vessels year to date, giving a total fleet of 40 vessels including three newbuildings still on order

PB RoRo

- Slow trade recovery in Europe continues to undermine the RoRo market, though there are clear signs of recovering activity
- We expect a challenging trading environment for our new RoRo's delivering later this year

Financing

- A US$230 million convertible bond issue in April serves to refinance the majority of our existing convertible bonds at a lower coupon of 1.75% allowing us to preserve cash and maintain investment funding flexibility

MARKET AND BUSINESS REVIEW

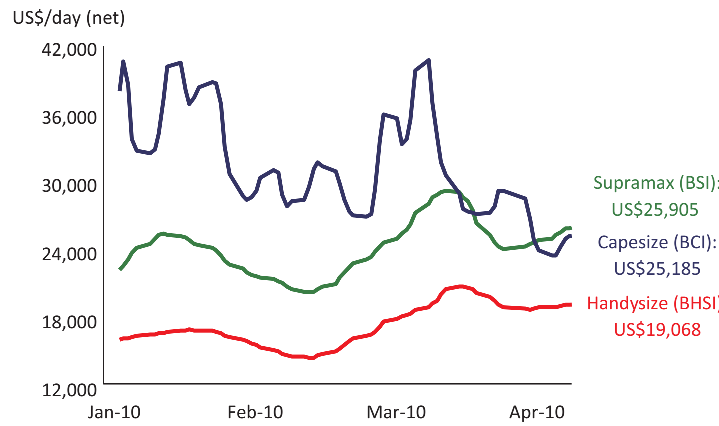
Pacific Basin Dry Bulk

The market for handysize and handymax bulk carriers of the type and size we own and operate has had a good start to the year in line with our expectations. Handysize and handymax spot market freight rates have increased 20% and 17% year to date to US$19,068 and US$25,905 per day net respectively as at 20 April.

This freight market strengthening was mainly attributable to seasonal grain exports from South America, an upturn in Asian steel shipments and firm demand for minor bulks in general, especially into China. Tonne-mile demand continues to be buoyed by China's need to source commodities from further afield which gives rise to longer ballast voyages from the main discharge ports in Asia to distant loading ports.

In contrast, freight rates for the largest bulk carriers declined during the period due to excessive capesize newbuilding deliveries and despite growing demand. Most unusually – especially in a relatively strong freight market – handymax vessels have at times generated higher spot earnings than capesize vessels since March, once again proving the resilience of smaller vessels which can carry a much greater range of cargoes.

Comparison between Baltic Capesize Index (BCI), Baltic Supramax Index (BSI) & Baltic Handysize Index (BHSI)



Source: The Baltic Exchange

Significantly influenced by the weakening capesize sector, the BDI has traded between 2,500 and 3,600 points in the year to date closing at 2,998 points on 20 April – 5% lower than at the start of the year.

Preliminary data from Clarksons suggests that 16.3 million deadweight tonnes of new dry bulk capacity delivered in the first quarter. Combined with the effect of only limited additions from bulk carrier conversions and scrapping of 1.0 million tonnes of capacity, these newbuilding deliveries drove a 3.5% net expansion of the dry bulk fleet in the first quarter, thus continuing to keep dry bulk freight rates in check. While capesize capacity expanded by net 5.2% in the period, the fleet of 25,000-35,000 dwt handysize vessels expanded by a more modest net 3.1%. Approximately one third of dry bulk scrapping was attributable to the handysize sector.

The published dry bulk orderbook stands at a still enormous 61% of the fleet afloat. As at 1 January, approximately 45% of the orderbook (126 million tonnes of new capacity) was scheduled to deliver in 2010 alone. Experience from last year, however, suggests that much of the orderbook is likely to be delayed and some of it will never deliver; thus we estimate that there will be a shortfall in excess of 40% of anticipated new capacity scheduled to deliver this year. Delivery data published by Clarksons indicates a shortfall of approximately 50% in the first quarter of 2010. Meanwhile, the orderbook for 25,000-35,000 dwt handysize vessels in which we specialise stands at a less onerous but still considerable 42%, half of which is scheduled to deliver in 2010.

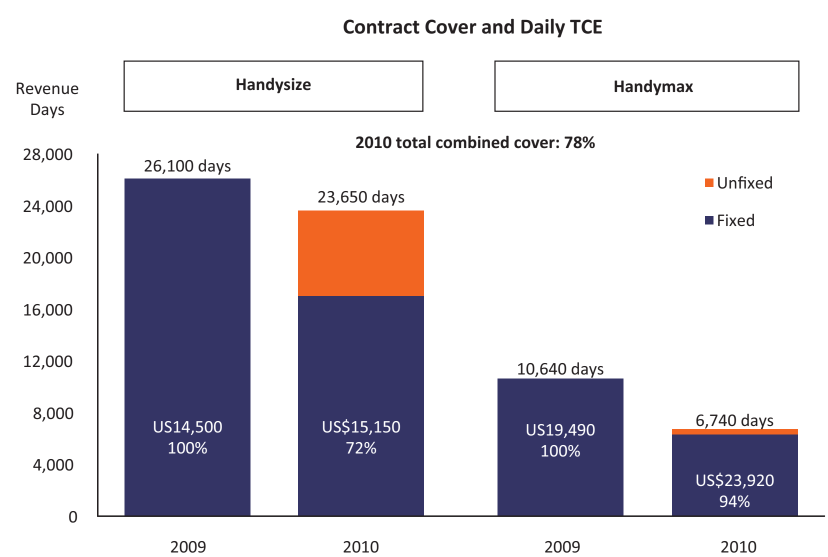
Clarksons currently estimates a benchmark five year old 28,000 dwt handysize vessel to be worth approximately US$26.5 million representing a US$3.5 million or 15% increase over their January 2010 estimate, generating increased asset value for our existing fleet, including our recent acquisitions.

We are expanding our owned fleet and have purchased six ships and long term chartered four ships since reviving our fleet expansion programme in December 2009. This effort will continue on an opportunistic basis as we seek to acquire the right vessels for our fleet at the right price, always mindful not to significantly increase our competitive fleet breakeven cost. However, rising asset values are making it difficult to unearth attractive purchase opportunities and, as indicated in our 2009 annual results, stronger period charter rates are increasing our cost base at a time when our book of forward cargo cover has a relatively lower value compared to this time last year.

We are encouraged by the prospects for continued strong demand in the short term as the South American grain export season peaks and China continues to import raw materials. We continue to have a neutral overall view on the dry bulk market in the remainder of 2010 and 2011 due to the unpredictable impact of accelerating newbuilding deliveries. However, we see scope for the freight market to surprise us on the upside in the second half of 2010 in the event that fleet growth is absorbed by larger than expected Chinese import volumes and a recovery of the Western economies, and dry bulk trade imbalances and port congestion continue.

Underscoring our recently improved view of the market in the near term, we continue to utilise a high proportion of short term vessels and plan to deploy the majority of our uncovered 2010 capacity in the spot market. This explains why our current level of cargo cover for the year is less than we had secured by this time last year when, due to the market strength in 2008, we had an unusually high level of cover. Meanwhile, our cargo book building efforts are focused on 2011 and beyond.

As at 20 April 2010, cargo cover is in place for 78% of our 33,090 combined handysize and handymax revenue days in 2010 (expressed in handysize-equivalent days) as follows:



Since publication of our 2009 annual results, we have added new cargo cover for 2010 as follows:

Handysize: 3,680 revenue days at US$18,270
Handymax: 2,050 revenue days at US$23,290

Cargo cover for our remaining 2010 contracted revenue days is as follows:

Handysize: 62%
Handymax: 91%

For 2011, we have covered 29% of our handysize and 135% of our handymax revenue days, or 38% of our combined handysize and handymax revenue days.

PB Energy & Infrastructure Services

As reported in our 2009 annual results, we have seen continued strong offshore activity and a number of potential new contracts in our main towage and infrastructure market in Australia where utilisation of our offshore towage fleet has increased over the quarter.

Offshore activity and spot rates in our second market in the Middle East remained slow due to reduced construction following the Dubai debt crisis, but we expect a recovery to give rise to resumed infrastructure and offshore projects later in 2010. Meanwhile, our Fujairah Bulk Shipping joint venture is ahead of schedule on the 54 million tonne Fujairah Northern Land Reclamation.

Our harbour towage business in Australia continues to be negatively impacted by the protracted downturn in the containership market resulting in fewer jobs and therefore lower utilisation of our harbour tugs. Gradual but slow global economic recovery may stimulate trade and therefore support increasing vessel movements in Australian ports as the year progresses, but any such improvement in harbour towage demand in 2010 is likely to be marginal.

In the year to date, our PB Towage business has taken delivery of five newbuilding harbour tugs and one offshore tug, expanding our towage fleet to 40 vessels, including three to be delivered between April and July 2010.

PB RoRo

Our one delivered RoRo vessel continues to operate satisfactorily in the North Sea. A slow recovery from the recession and sluggish trade in Europe continue to undermine the Euro-centric RoRo market, although modest growth in European freight forwarding activity and recently secured charters for sister vessels of our own Odense-built RoRo’s bode relatively better for our five remaining RoRo newbuildings scheduled to deliver in late 2010 and 2011. We are actively exploring a number of employment opportunities for this fleet both within and outside of Europe, but continue to expect a challenging trading environment for these vessels in 2010. We remain positive for the longer term due to favourable demand and supply side fundamentals for the sector.

Financing

With a view to refinancing our US$314 million of existing convertible bonds due in 2013, we have issued US$230 million in new convertible bonds (due in 2016) as approved by shareholders at a Special General Meeting on 29 March. This allows us to extend the maturity of the majority of our original convertible bond financing at a lower coupon of 1.75%, and also to preserve our existing cash and maintain flexibility in how we fund our future investments predominately in dry bulk vessels.

Fleet Development

As at 21 April 2010, the Group’s fleet (including newbuildings) numbered 165 vessels comprising 119 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 21 April 2010:

	Existing Vessels[1]		Newbuildings on order			
	Owned	**Chartered[2]**	**Owned**	**Chartered[2]**	**Total**	**Distribution by no. of vessels**
Dry Bulk Fleet						
Handysize	25	52	1	4	**82**	50%
Handymax	2	31	–	2	**35**	21%
Post Panamax	–	–	1	1	**2**	1%
Total Dry Bulk Vessels	**27**	**83**	**2**	**7**	**119**	**72%**
Towage						
Tugs	28[3]	2	2	1	**33**	20%
Barges	6	–	–	–	**6**	3%
Bunker Tanker	1[3]	–	–	–	**1**	1%
Total Towage Vessels	**35**	**2**	**2**	**1**	**40**	**24%**
Roll on Roll off	**1**	**–**	**5[4]**	**–**	**6**	**4%**
Grand Total	**63**	**85**	**9**	**8**	**165**	**100%**

1 "Existing Vessels" includes one second-hand vessel which we have committed to purchasing but which has not yet delivered into our ownership.

2 Comprises 13 vessels under finance leases and 80 vessels under operating leases, including non-core vessels chartered in for shorter term periods.

3 The Group has a 50% interest in one of the tugs and the bunker tanker.

4 Includes two RoRo newbuilding vessels which can be acquired by the Group within approximately two months of their delivery from the shipyard subject to the exercise of purchase options.

A table detailing our fleet development in the period since 31 December 2009 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, 21 April 2010

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

Shareholders and investors are reminded that this trading update for the period ended 21 April 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 update and are advised to exercise caution when dealing in the shares of the Company.