Shareholders and investors are reminded that this trading update for the quarter 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 2019 TRADING UPDATE

The dry bulk freight market in 2019 has started weaker than the last two years with a more pronounced Chinese New Year dip compounded by the US-China trade conflict, Chinese restrictions on coal imports and iron ore infrastructure disruptions in Brazil. This led to weak spot market rates in the first quarter overall.

Our Handysize and Supramax markets improved significantly during the second half of the quarter with marked increases in both the Baltic Handysize Index ("BHSI") and Baltic Supramax Index ("BSI").

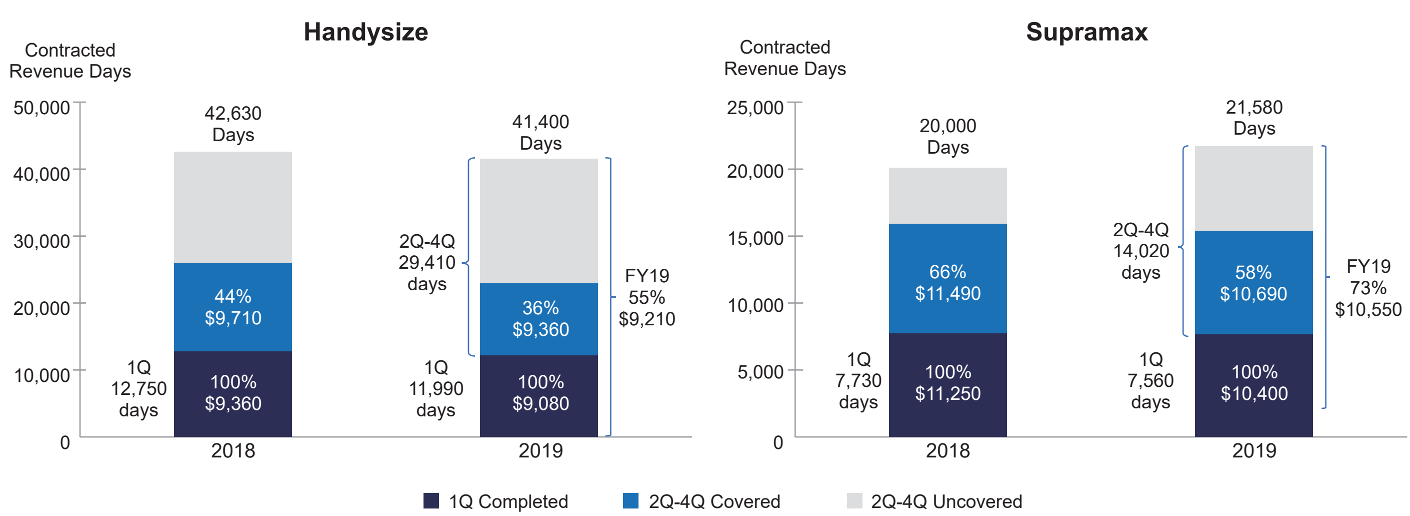
In contrast, the larger Capesize vessel segment has seen little recovery and continued to weaken throughout the first quarter, thus tempering the recovery in the broader Baltic Dry Index ("BDI") and evidencing a decreasing correlation between freight rates for the larger vessels, which primarily carry iron ore and coal, versus our smaller vessels, which primarily carry agricultural and minor bulk commodities.

STRONG PACIFIC BASIN PERFORMANCE DESPITE MARKET HEADWINDS

We generated average Handysize and Supramax daily time-charter equivalent ("TCE") earnings of US$9,080 and US$10,400 per day net in the first quarter, representing a 3% and 8% reduction compared to the same period in 2018 while outperforming the BHSI and BSI spot market indices by 58% and 38% respectively.

As at 9 April, we have secured cover for the remaining three quarters of 2019 as follows:

- 36% of our 29,410 contracted Handysize revenue days at around US$9,360 per day net (equivalent period in 2018: 44% covered at US$9,710 net)
- 58% of our 14,020 contracted Supramax revenue days at around US$10,690 per day net (equivalent period in 2018: 66% covered at US$11,490 net)



Currency in US$; 2019 data as at 9 April 2019; 2018 data as announced in April 2018

When estimating our earnings for 2019, it should be noted that, unlike in 2018, we no longer benefit from the utilisation of onerous contract provisions which is expected to lead to higher P&L breakeven levels on our long-term chartered-in ships this year.

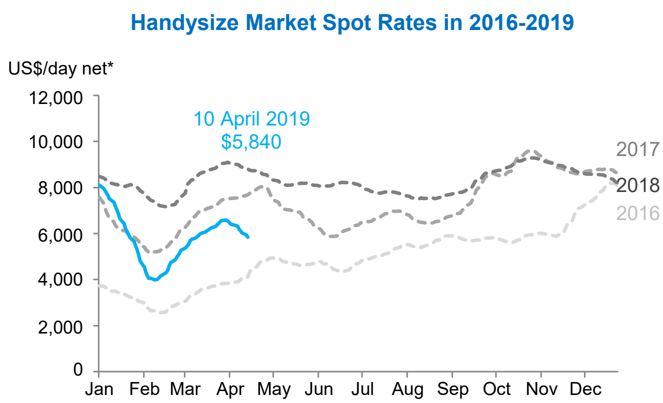
During the first quarter we took delivery of two modern secondhand vessels (one Handysize and one Supramax) which we committed to purchase in May 2018 in a four-ship transaction that was in aggregate 50% funded by issuing shares. We also took delivery of a modern Supramax which we committed to purchase for cash at the end of 2018, and we completed the sale of an older, small Handysize, thereby trading up to a larger, modern vessel at an attractive price.

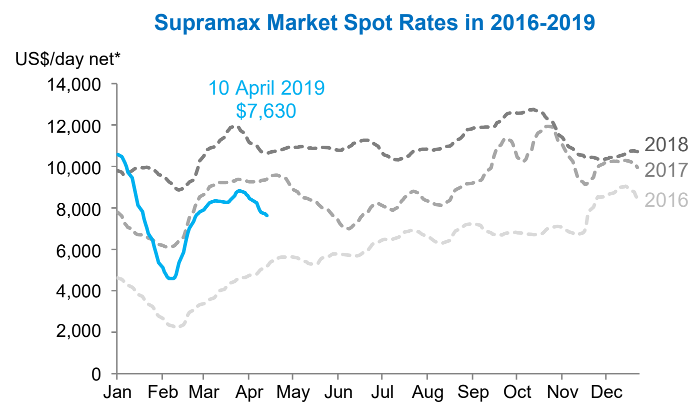
In the year to date, we have committed to purchase for cash a further three modern secondhand Supramax vessels which are scheduled to deliver over the next three months.

These acquisitions will increase our owned fleet to 115 by July. Including chartered ships, we operated an average of 220 ships overall during the first quarter.

FREIGHT MARKET RECOVERED BUT IS STILL BELOW LEVELS OF THE LAST TWO YEARS

Market spot rates for Handysize and Supramax ships averaged US$5,730 and US$7,540 per day net respectively in the first quarter of 2019, representing a 29% and 26% decline over the same period last year. Spot market rates improved as is typical following Chinese New Year, but rates remain below the April levels of the last two years.





* net of 5% commission

Source: Baltic Exchange (BHSI 28,000 dwt, BSI 58,000 dwt), data as at 10 April 2019

Usual seasonal weakness at the start of 2019 was further undermined by the on-going US-China trade conflict and the consequent effect particularly on US grain and soybean exports which typically drive the Atlantic market.

As China avoided imports from the United States, US export trades shifted in favour of non-seaborne exports to neighbouring Canada and Mexico as well as shorter haul non-Asian destinations. Total US grain export volumes in January declined by 1% year on year, but seaborne exports (excluding exports to Canada and Mexico) declined by 9%.

The market in the Pacific was affected by Chinese restrictions on coal imports and new Chinese customs clearance practices impacting trades such as coal from Australia and canola oil seeds from Canada. Weather-related infrastructure disruptions also dented Australian and Indonesian dry bulk exports.

However, the Handysize and Supramax markets were supported by Chinese imports of seven key minor bulk commodities, including grain, growing by 7% in January and February compared to the same period last year, or by 18% excluding grain.

While the minor bulk trades are showing continued growth, Chinese imports of iron ore and coal declined 3% in the first two months of the year, weakening demand in the Capesize segment. Sentiment in the market for these large bulk carriers has also been affected by the tragic dam failure in Brazil in January and the disruptions this has caused to long haul iron ore export volumes.

RESTRAINED FLEET GROWTH IN HANDYSIZE AND SUPRAMAX SEGMENTS

Handysize and Supramax net fleet growth during the first quarter was similarly restrained as a year ago and continues to be a positive factor for longer-term freight market recovery in our segments. Newbuilding deliveries reduced year on year, and the global Handysize and Supramax fleet grew by around 0.7% net during the first quarter compared to 0.9% in the same period last year. Scrapping of Handysize and Supramax ships remains very low, but increased significantly for the larger vessel segments due to the sharp drop in freight rates.

Secondhand ship values have held up well despite the weaker freight market in the first quarter. Clarksons Research currently values a benchmark five year old Handysize bulk carrier, now defined as 37,000 dwt, at US$17.0 million, as compared to US$15.5 million for the benchmark 32,000 dwt vessel of one year ago. A benchmark five year old Supramax, now defined as 58,000 dwt, is currently valued at US$17.0 million, as compared to US$18.0 million for a 56,000 dwt vessel of one year ago.

Handysize newbuilding prices have increased to US$24.0 million from US$22.5 million a year ago. The gap between newbuilding and secondhand prices remains significant and is discouraging new ship ordering, which remains limited in our Handysize and Supramax segments, with ordering activity largely concentrated on the larger bulk carrier segments.

UNCERTAIN SHORT-TERM OUTLOOK, BUT LONG-TERM FUNDAMENTALS REMAIN POSITIVE

After the unusually sharp seasonal dip at the start of the year, the freight market for Handysize and Supramax vessels partly recovered but is still weaker than at the same time last year. The market is currently softening as it did this time last year and some key factors are likely to make the freight market during the remainder of the year more volatile than we have seen in recent years.

- The global growth outlook has weakened since mid-2018. However, the IMF's current 2019 economic growth forecast of 3.3%, although gradually reduced from 3.9% in October 2018, still represents a healthy level of growth which continues to bode well for minor bulk tonne-mile demand which is expected to grow by 4.3% this year. The IMF expects the global economy to slowly strengthen in the second half of the year and into 2020, partly as a result of Chinese economic stimulus and continued loose monetary policy in the United States.

- The US-China trade conflict has disrupted markets and affected sentiment. However, a resolution between the two countries could provide the dry bulk market with a boost, while a protracted trade conflict could further undermine global GDP growth and consequently overall trade and dry bulk demand.

- Preparations for the IMO 2020 sulphur limit that takes effect on 1 January 2020 should lead to increased supply disruptions in the second half of this year which could compound the dry bulk market strength that typically builds in the third and fourth quarters.

- Fleet supply is furthermore expected to be kept in check as shipowners in our segments refrain from ordering new ships. Clarksons Research estimates combined Handysize and Supramax net capacity growth of 1.9% for 2019 and 0.6% for 2020.

Despite short term volatility and in view of the combination of continued healthy growth in minor bulk demand and reducing Handysize and Supramax fleet growth, we continue to believe that the longer term fundamentals for our vessel segments are positive.

WELL POSITIONED FOR THE FUTURE

Our healthy cash and net gearing enhance our ability to take advantage of opportunities to grow our business and attract cargo as a strong partner, and we have sufficient liquidity to fully repay our July 2021 convertible bonds should our bondholders exercise their put option in July 2019. Our robust customer-focused business model, high laden utilisation, global office network, experienced people, larger owned fleet and competitive cost structure position us well for the future.

By Order of the Board
Mok Kit Ting, Kitty
Company Secretary

Hong Kong, 11 April 2019

As at the date of this announcement, the executive Directors of the Company are David Muir Turnbull, Mats Henrik Berglund and Peter Schulz, 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.