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)

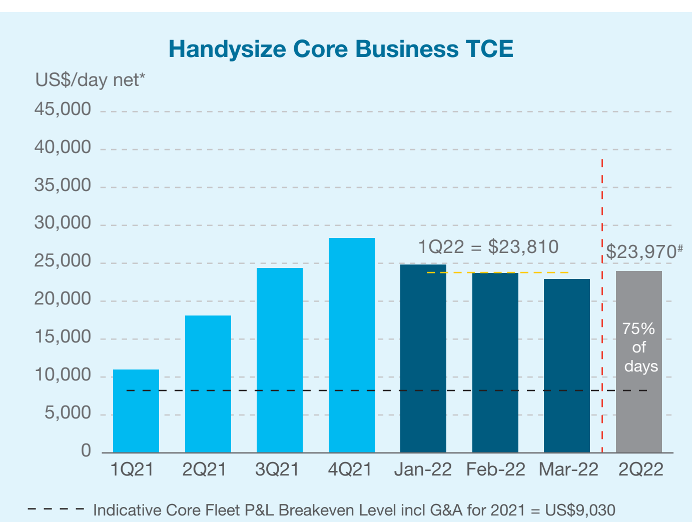
FIRST QUARTER 2022 TRADING UPDATE

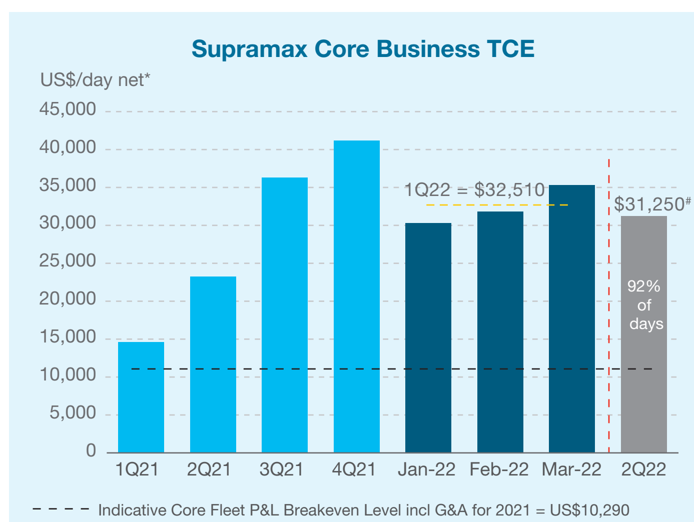
The minor bulk freight market in the first quarter of 2022 was significantly stronger than the same period last year, driven by strong supply and demand fundamentals. Growth in minor bulk loadings continue to support rates despite normalising global economic growth, conflict in Ukraine, and Covid-related uncertainty in China.

MARKET CONDITIONS HELP MAINTAIN POSITIVE RATES MOMENTUM AND DRIVE STRONG EARNINGS

Our **core business** generated average Handysize and Supramax daily time-charter equivalent ("TCE") earnings of US$23,810 and US$32,510 net per day in the first quarter, representing an increase of 117% and 122% compared to the first quarter of 2021, respectively. In the period we outperformed the average Handysize (BHSI 38k dwt tonnage-adjusted) and Supramax (BSI 58k dwt) indices by US$3,260 per day and US$8,610 per day, respectively. Our performance continues to benefit from our diverse cargo and customer base and the close customer interaction facilitated by our extensive global office network.

For the second quarter of 2022 we have covered 75% and 92% of our core vessel days at US$23,970 and US$31,250 net per day for Handysize and Supramax respectively. For the second half of 2022 we have covered 26% and 35% of our core vessel days at US$16,440 and US$21,590 net per day for Handysize and Supramax respectively. The cover for the second half of the year comprises a higher proportion of older long-term contracts which are lower than the current market spot rates. We have significant opportunity to add cargo fixtures and long-term contracts to our remaining 2022 book at rates which based on prior years we would expect to be higher compared to the first quarter which is normally the weakest quarter in the year.





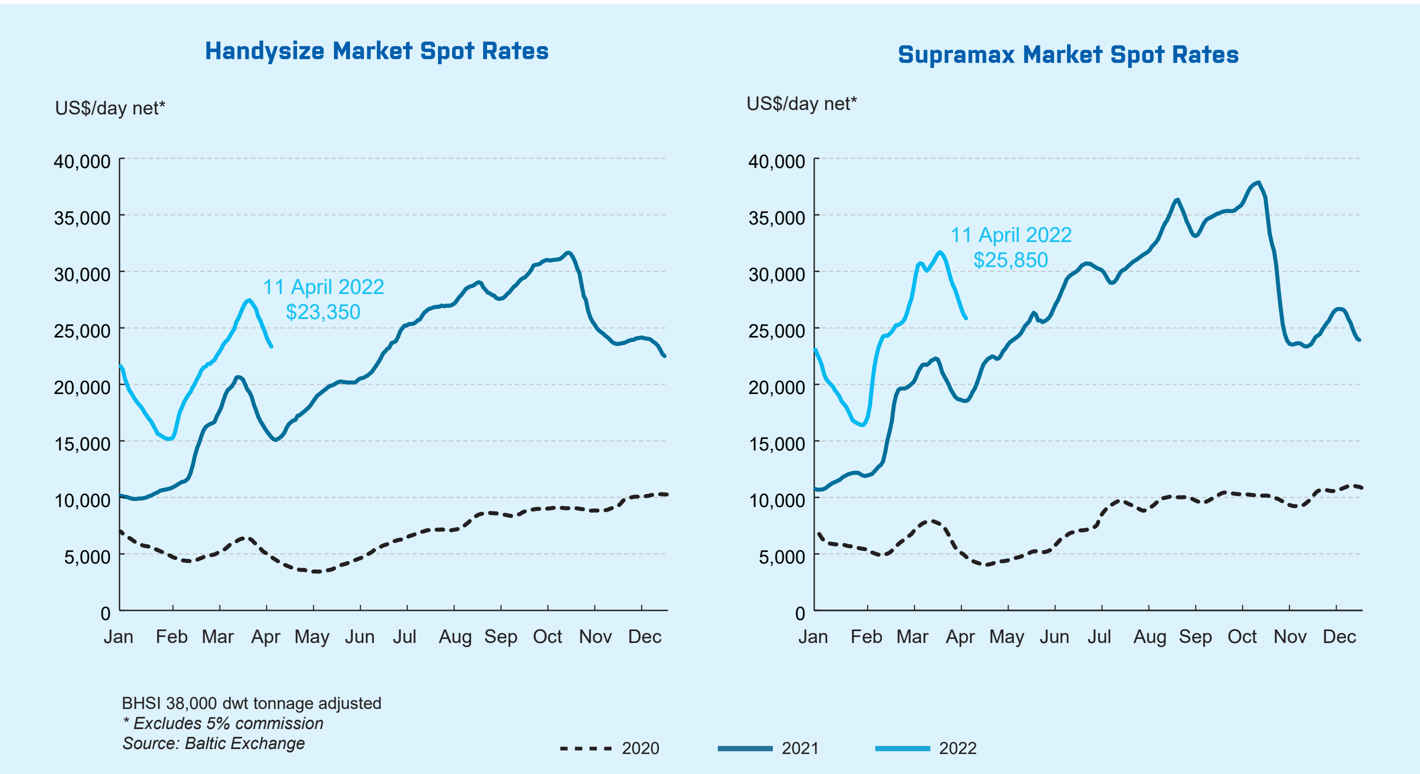
* *Excludes 5% commission*
\# *Future period TCE are indicative only as voyages are still in progress*
Supramax cover excludes any scrubber benefit, currently about US$2,990 per day
Cover data as at 11 April 2022

Our **operating activity** also contributed positively, generating a margin of US$3,320 net per day over 5,160 operating days in the first quarter. Margins, although lower than recent prior periods, still remain high on a historical basis. We continue to see opportunities in this strong, yet volatile rates environment to generate further positive earnings.

GLOBAL TRADE CONTINUES TO SUPPORT A HEALTHY MINOR BULK MARKET

Market spot rates for Handysize (BHSI 38k dwt tonnage-adjusted) and Supramax (BSI 58k dwt) ships averaged US$20,550 and US$23,900 net per day respectively in the first quarter of 2022, representing a 47% and 51% increase respectively compared to the same period in 2021.

Positive demand and supply fundamentals overall have helped to support rates despite normalising global growth, increasing inflation, the conflict in Ukraine, and China continuing to impose severe Covid-19 restrictions resulting in lower domestic growth and logistical inefficiencies.



Global minor bulk loadings grew approximately 12% in the first quarter compared to the same period last year. Construction materials were the main driver, in particular cement, clinker and aggregates which are up 19% year-on-year. We believe increased global infrastructure spending and some relaxation of Chinese domestic property construction curbs will be supportive of minor bulk demand for the remainder of 2022.

Reduced Black Sea grain exports in March contributed to lower year-to-date grain loadings of 3% compared to the first quarter of last year as both Ukrainian and Russian exports have been disrupted. Expectations are for a significant reduction of Black Sea grain exports in 2022. Some of these lost volumes will be replaced by other producers, most notably the United States, Argentina, Brazil and Australia as higher grain prices will incentivise farmers around the world to increase plantings for export, with these volumes benefiting overall tonne-mile demand. The disruption is also driving global food security concerns, especially in China which could further benefit seaborne trade. South American grain exports are now picking up, which we expect will support dry bulk demand in the second quarter.

Coal volumes in the first quarter of 2022 decreased 1% compared to the same period in 2021. January coal loadings decreased 14% largely due to Indonesia’s coal export ban. However, since the ban was lifted we have seen a significant increase in enquiries, as well as increased tonne-mile impact from higher demand from countries in Europe which we expect will source more non-Russian coal throughout 2022.

Iron ore volumes declined 3% in the first quarter of 2022 compared to the same period last year. The decline was due to seasonal weather impacting mining operations from key producers in Brazil and Australia, as well as Chinese New Year holidays and emission controls during the Beijing Olympics. 2022 Chinese steel production is expected to remain within 2021 levels, despite the five-year postponement of steel industry emissions controls. We expect China’s steel output to rebound in the second quarter when output cuts are expected to be eased in northern China, and the typical strong demand season begins.

NEW ORDERS REMAIN LOW AND NET FLEET GROWTH IS SLOWING

Despite strong earnings and healthy balance sheets for most dry bulk owners, we expect that new ship ordering – in particular for Handysize and Supramax ships – will remain restrained, discouraged by uncertainty about the future fuels and vessel designs and technology that will be required to meet coming decarbonisation regulations. Furthermore, shipyards are largely filled with orders for non-dry bulk ship types, which further limits scope for new ship ordering in our sector. According to Clarksons Research only 36 dry bulk vessels with a total 2.8 million dwt have been ordered year to date, a reduction of 70% and 74% respectively compared to the same period in 2021.

The overall dry bulk orderbook is currently 6.6%, representing a reduction of 0.4 percentage points since the beginning of the year as deliveries have outpaced new ordering. In addition to a shrinking orderbook and lower future deliveries, we expect scrapping to increase in coming years as IMO fuel-efficiency rules will encourage owners to phase out older, less efficient ships. Net fleet growth for Handysize and Supramax is forecast to slow further in 2022 to 2.4%.

Clarksons Research's benchmark five-year old Handysize and Supramax in April values have increased 12% and 5% since December 2021 to US$28.5 million and US$29.2 million respectively, supported by the firmer freight market and vessel sales activity, while benchmark Handysize and Supramax newbuilding values have increased to US$29.8 million and US$33.5 million respectively.

BENEFITTING FROM OUR FLEET RENEWAL STRATEGY

We remain committed to our long term strategy to grow our owned fleet of Supramax ships by acquiring high-quality, modern, second-hand vessels, and to sell our older and less-efficient Handysize ships and replace them with younger and larger vessels. This is resulting in an even more efficient fleet with greater longevity, and we continue to benefit from the larger earnings upside that these bigger ships enjoy in strong markets.

In the short term we are focused on selling some of our smaller, older Handysize ships as second-hand prices are strong, thereby crystallising value and further optimising our fleet to meet tightening environmental regulations. During the first quarter of 2022 we sold four Handysize vessels. Our vessel purchasing has slowed in recent months as asset prices approached historical highs, we expect our vessel purchasing activity to be reduced compared to last year.

We currently own 121 Handysize and Supramax ships and, including chartered ships, we have approximately 260 ships on the water overall.

WE ARE OPTIMISTIC ABOUT THE FUTURE

We expect fundamental demand especially for minor bulks, grain and coal in 2022 to remain robust, and for the dry bulk market to be further aided by higher tonne-mile demand due to changes in trade flows and global issues of food and energy security.

We expect Chinese demand to remain strong as policy support focuses on investment in infrastructure, manufacturing and green investment which all rely on minor bulk commodities. Recent lockdown of major cities, including Shanghai, is likely to have a short-term negative impact on demand. However, once restrictions are eased the resumption of normal economic activity and government led efforts to meet national growth targets could provide the market with support later in 2022.

Changes in trade flows caused by conflict in Ukraine has positively impacted tonne-mile demand for some commodities, but we continue to monitor the impact that the conflict can have on global growth, and grain flows later this year. We currently have no vessels operating out of Ukrainian or Russian ports.

We believe the dry bulk orderbook will remain at historically low levels until zero-emission-ready ships become commercially viable and the requisite fuelling infrastructure is being built out globally. In addition, IMO and EU fuel-efficiency rules are expected to start forcing slower speeds from 2024, further reducing supply. By 2024, we expect that approximately 73 ships in our owned fleet will have power reduction devices to comply with IMO's EEXI energy efficiency requirements.

These fundamental supply constraints, as well as the fact that the fleet has little spare capacity in terms of higher speeds and has had very limited scrapping in recent years, provides a structural long term support for the dry bulk market. Coupled with a healthy long term demand outlook makes us optimistic about the future.

A healthy dry bulk market, our strong cash generation and limited expected capex spending enable us to continue to reward shareholders by returning capital.

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

Hong Kong, 13 April 2022

As at the date of this announcement, the executive Directors of the Company are David Muir Turnbull, Martin Fruergaard and Peter Schulz, and the Independent Non-executive Directors of the Company are Patrick Blackwell Paul, Robert Charles Nicholson, Alasdair George Morrison, Irene Waage Basili, Stanley Hutter Ryan, Kirsi Kyllikki Tikka, John Mackay McCulloch Williamson, and the Non-executive Director of the Company is Alexander Howarth Yat Kay Cheung.