Shareholders and investors are reminded that this trading update for the period ended 12 October 2017 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)

THIRD QUARTER 2017 TRADING UPDATE

The dry bulk freight market indices for most of 2017 have followed a similar pattern as last year, although at a significantly higher level. The typically weak start to the year was followed by a stronger second quarter, but a seasonal mid-year decline affected index rates in the third quarter.

Stronger demand growth across most cargo categories drove a marked increase in rates over the last few weeks of the quarter. However, due to the lag between securing cargoes and performing voyages, and with most of our fourth quarter revenue days already covered, these stronger rates will have a marginal effect on our 2017 results.

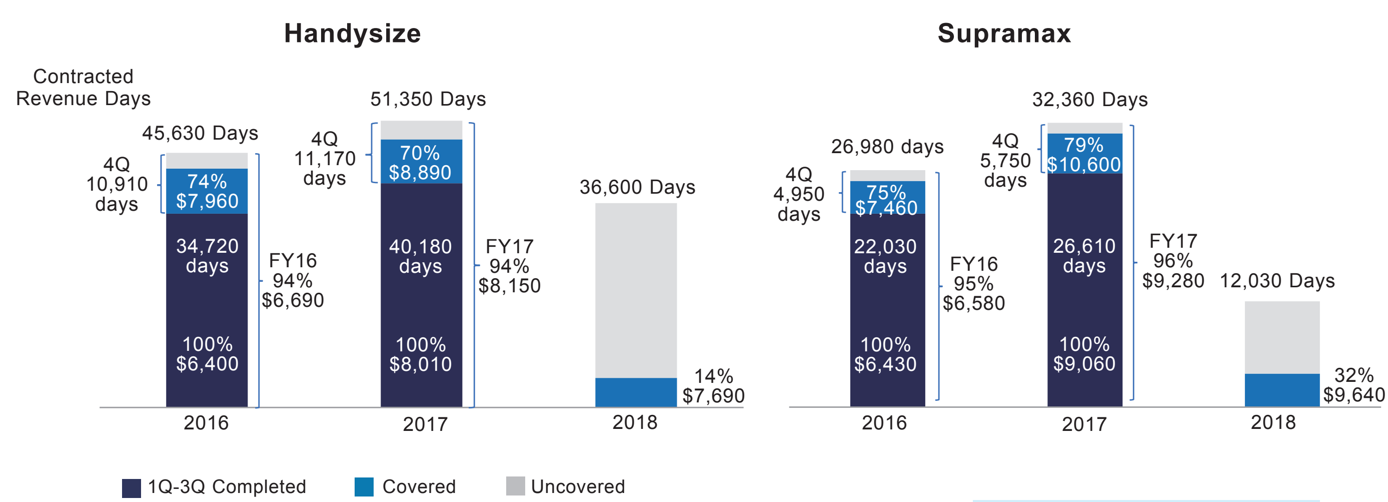
PACIFIC BASIN VESSEL EARNINGS IMPROVE SIGNIFICANTLY YEAR ON YEAR

We generated average Handysize and Supramax daily TCE earnings of US$8,130 and US$9,350 per day net in the third quarter, representing an improvement of 15% and 27% respectively compared to the same period in 2016.

Our year-to-date average Handysize and Supramax daily net TCE earnings increased 25% and 41% year on year to US$8,010 and US$9,060, outperforming the BHSI and BSI spot market indices by 19% and 8% respectively.

As at 10 October, we have secured cover for the final quarter of 2017 as follows:
- 70% of our 11,170 contracted Handysize revenue days at around US$8,890 per day net
- 79% of our 5,750 contracted Supramax revenue days at around US$10,600 per day net

We have so far secured cover for 2018 as follows:
- 14% of our 36,600 contracted 2018 Handysize revenue days at around US$7,690 per day net
- 32% of our 12,030 contracted 2018 Supramax revenue days at around US$9,640 per day net



Currency US$, data as at 10 Oct 2017
2016 data as announced in Oct 2016

www.pacificbasin.com
Customers > Our Fleet
See our website for fleet details

Our Handysize and Supramax capacity has increased year on year due to our larger fleet of owned ships complemented by ships on shorter-term charters. The market improvement since last year benefits our owned and long-term chartered ships which have mainly fixed costs. While the market improvement increases our cost of new short-term chartered-in vessels, we are generally able to generate positive operating margins on these short-term charters irrespective of whether the market is high or low. If we exclude the vessel days attributable to this short-term operating activity and factor the positive margin into the TCE results of our core fleet, then our restated year-to-date Handysize and Supramax daily earnings would improve to US$8,120 and US$9,650 respectively albeit on fewer vessel days.

In August, we committed to acquire five modern, efficient dry bulk vessels funded by a combination of (a) new Pacific Basin shares issued to the sellers, (b) cash raised through a share placement, and (c) cash from our existing cash resources. This innovative transaction enabled immediate equity financing and enhances our operating cash flow, EBITDA and balance sheet. Three of the five vessels delivered into our fleet during the quarter, with one more to follow later this year and another in the first quarter of 2018.

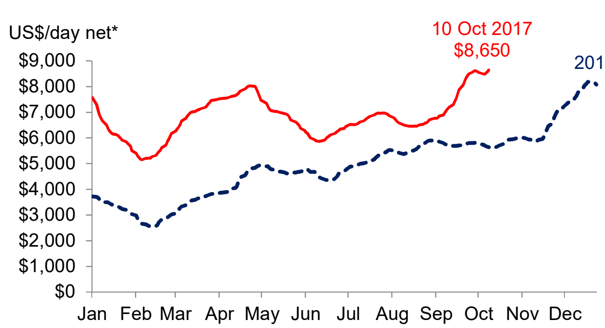
These latest acquisitions will increase our owned fleet to 106 ships, grow the proportion of our owned versus chartered Supramax ships, and reduce our owned Supramax daily break-even levels.

We completed the sale of our final tug during the third quarter, thereby concluding our exit from our non-core towage activity.

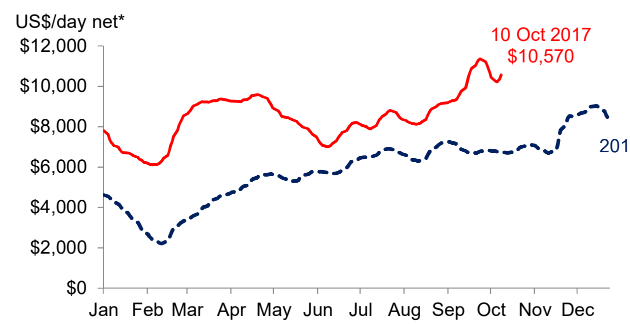
FREIGHT MARKET CONTINUES TO IMPROVE FROM A LOW BASE

Market spot rates for Handysize and Supramax ships averaged US$7,000 and US$9,070 per day net respectively in the third quarter of 2017. Affected by a seasonal mid-year decline, these average market rates represent a 1.5% and 9% improvement over second quarter rates. However, driven by increased cargo demand and a further improvement in market conditions since the historic lows of 2016, year-to-date market spot rates are 51% and 58% up year on year.

Handysize Market Spot Rates in 2016-2017



Supramax Market Spot Rates in 2016-2017



* excludes 5% commission
Source: Baltic Exchange, data as at 10 Oct 2017

Clarksons Platou estimate that overall dry bulk effective demand in the first half of the year grew by around 4.5% compared to the same period last year, and that effective demand growth will exceed 5% for the full year.

The traditionally slower summer period benefitted from strong American grains exports, including record high third-quarter volumes from Brazil.

While lower than Atlantic freight earnings, Pacific earnings improved to third-quarter levels last seen in 2011. This Pacific buoyancy was supported by solid growth in the Bauxite trade and Chinese imports of especially minor bulks which in January to August increased 18% year on year to their highest level since 2013. Fewer newbuilding deliveries resulted in a lower concentration of new tonnage supply in the Pacific.

Values of benchmark five year old Handysize bulk carriers stand at US$14.0 million which is an 8% increase since the beginning of the year and a 17% increase since the beginning of 2016. Handysize newbuilding prices are estimated by Clarksons Platou to be US$21.0 million which is 8% up since the beginning of 2017.

Higher steel prices and new regulations impacting the design of bulk carriers mean that yard costs face upward pressure, which continues to support the significant gap between newbuilding and secondhand prices. This gap continues to discourage new ship ordering activity, which for Handysize and Supramax vessels has been negligible year to date, although some new ship ordering took place in the larger Capesize and Panamax segments.

Despite reduced newbuilding deliveries, the global dry bulk fleet grew at a faster pace in the year to date compared to the same period last year due to reduced scrapping in the improved spot freight market conditions.

WELL POSITIONED FOR A GRADUAL RECOVERY

The market improvement in the year to date is encouraging and we continue to believe that we are past the worst in the dry bulk cycle. If demand growth can be maintained, we expect the gradual market recovery to continue albeit with some volatility along the way. But the global fleet is still growing and the risk of new ordering and the potential for increased ship operating speeds remain negative factors. More time, scrapping and limited ordering are required for a better market balance to be sustained.

We will continue to look at attractive secondhand ship acquisition opportunities if they can generate a reasonable payback at prevailing asset prices and freight earnings. Our healthy cash and net gearing positions, our competitive cost structure, and our increased proportion of owned ships all position us well for a recovering market.

By Order of the Board

Mok Kit Ting, Kitty
Company Secretary

Hong Kong, 12 October 2017

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

In September, Pacific Basin won the global shipping “Company of the Year” award at the Lloyd’s List Global Awards 2017.