Pacific Basin Shipping Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2343)

FIRST QUARTER 2011 TRADING UPDATE

HIGHLIGHTS

Handysize and handymax sectors continued to be weak in the first quarter of 2011
Our dry bulk market view remains unchanged since our Annual Results Announcement
We expect minor bulk trades to support a stronger second quarter

Pacific Basin Dry Bulk

- Handysize and handymax freight rates have increased 28% and 30% since early February, recovering January market losses
- Capesize rates dropped to extreme lows last seen in December 2008 and remained below handysize and handymax rates over most of the period
- Handysize capacity expanded by 2% net over the quarter; dry bulk capacity overall expanded by 3% net with newbuilding deliveries approximately 51% behind schedule
- Five year old handysize ship values have decreased 10% year to date to US$22.5 million, with downward pressure on values expected to generate opportunities for additional vessel acquisitions
- Pacific Basin dry bulk fleet comprises 146 ships including 23 bulk carriers scheduled to deliver mainly in 2012-2013
- Contract cover is in place for 76% of our total revenue days this year with 68% of our handysize revenue days in 2011 covered at US$13,570 per day net
- We expect minor bulk trades to support an improved second quarter, though dry bulk market in 2011 will be weaker overall than 2010, with near term demand recovery overshadowed by continued newbuilding deliveries

PB Energy & Infrastructure Services

- Growth in Australian commodity exports and new oil and gas projects are expected to benefit PB Towage Australia's harbour towage and offshore towage businesses over 2011

PB RoRo

- Our four delivered RoRo vessels are all employed, including two vessels deployed in fledgling Nafta Gulf Bridge RoRo service. As expected, employment has not yet been secured for two remaining newbuildings scheduled to deliver in second half of 2011
- We expect the charter market for RoRo vessels to remain depressed despite on-going improvement in freight volumes

Financing & Disposal of Non-Core Assets

- Completed redemption and cancellation of the remaining US$105 million of our original 3.3% coupon 2013 convertible bonds
- Disposal of Green Dragon Gas shares in April 2011 generated gross proceeds of US$81.8 million and a net gain of US$55.8 million

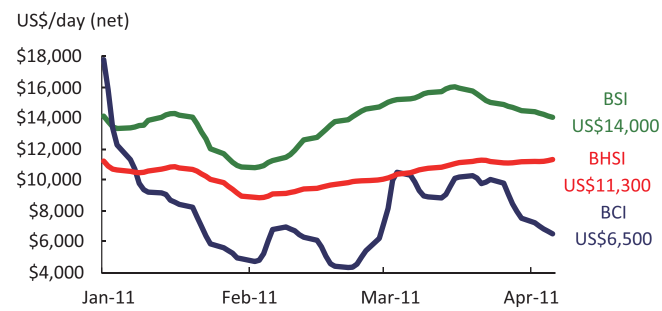
MARKET AND BUSINESS REVIEW

Our overall view of the Group's activities and the markets in which we trade remains substantially unchanged since the publication of our 2010 Annual Results Announcement on 1 March 2011.

Pacific Basin Dry Bulk

Handysize and handymax freight rates have increased 28% and 30% since early February on healthy South American grain exports and on-going strong growth in minor bulk trades, thereby recovering the January losses attributable mainly to flood-affected Australian exports and the new-year rush of newbuilding deliveries. Tonne-mile demand overall continues to be buoyed by China's appetite for raw materials. As at 15 April, handysize and handymax rates had recovered to US$11,300 and US$14,000 per day net – approximately where they stood at the start of the year.

Capesize (BCI) versus Handysize (BHSI) & Handymax (BSI) Spot Rates



Source: The Baltic Exchange, as at 15 April 2011

By contrast, the market for the largest bulk carriers was much harder hit by the surge in supply and reduced major bulk exports. Capesize rates dropped 76% in January to well below handysize and handymax rates (see graph) and to extreme low levels last seen in December 2008 before recovering in March to around US$10,000 per day net, as compared to US$17,700 at the start of the year. Significantly influenced by the underperforming capesize sector, the Baltic Dry Index (BDI) traded down to 1,043 points and currently stands at 1,296 points.

Handysize and handymax ships have generated higher spot earnings than capesize ships over most of the period, once again proving the increasing differentiation and resilience of smaller bulk carriers. This remains due to the diversity of their trade patterns and commodities carried, as well as their smaller newbuilding orderbooks and older fleet age profiles.

According to data collected by Clarksons, the fleet of 25,000-40,000 dwt handysize vessels in which we specialise expanded by 2% net in the first quarter. Dry bulk capacity overall expanded by 3% net driven by the delivery of 19.7 million deadweight tonnes of new capacity, with another 0.7 million added by way of conversions less 4.8 million scrapped in the quarter. Approximately 13% (0.6 million tonnes) of all dry bulk scrapping was attributable to the handysize segment.

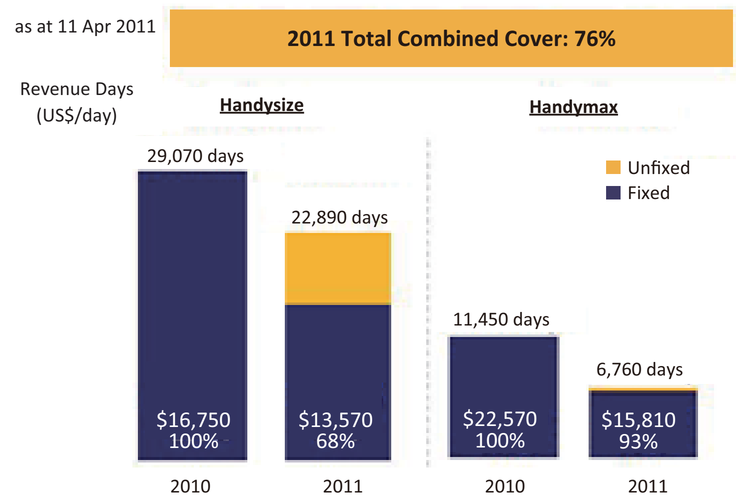
Clarksons' records show a dry bulk orderbook of 47% of the fleet afloat, with the orderbook for 25,000-40,000 dwt handysize vessels still lower at 35%. As at 1 January, 137 million tonnes of new dry bulk capacity (approximately half of the orderbook) was scheduled to deliver in 2011 alone. We expect actual deliveries for the year to fall short of this mark by approximately 40% as they did in the past two years due to slippage or non-delivery of scheduled newbuilding orders. In the first quarter of 2011, actual deliveries appear to be approximately 51% behind schedule.

Clarksons estimate the value of a benchmark five year old 28,000 dwt handysize vessel at US$22.5 million representing a 10% decrease in the year to date whilst still 18% up on the post-crisis low values of April 2009.

The Japanese earthquake and Tsunami of 11 March have been a tragedy for Japan and the Japanese people to whom we extend our deepest sympathy. Our ship "Port Pegasus" was discharging cargo in Onahama when the Tsunami struck and thankfully endured the ordeal with no crew injuries and no notable damage to the ship. The calamity has not significantly impacted the market for minor bulks to date, although we expect reconstruction work to commence in the second half of 2011, generating additional demand for construction materials including timber and steel, leading to greater imports of logs, iron ore, metallurgical coal, scrap steel and finished steel.

Our dry bulk market view remains substantially unchanged since our 2010 Annual Results Announcement was published on 1 March 2011. We expect the recovery in Australian and Brazilian exports and the continued strong Atlantic grain and minor bulks activity to support an improved second quarter. However, notwithstanding the relatively modest anticipated increase in Japanese imports from mid-year onwards, we expect continued newbuilding deliveries to overshadow demand-side improvements and increased scrapping, resulting in a weaker dry bulk market overall in 2011 compared to 2010. Given the strong demand for minor bulk commodities and the much smaller orderbook for the handysize segment, combined with a larger degree of non-deliveries and higher scrapping, we expect handysize demand and supply to be fairly balanced in 2011, though this will not necessarily translate into steady rates.

We have committed to the purchase of 22 dry bulk ships and the long term charter of a further 13 since reviving our fleet expansion activity in December 2009. Of these, 23 owned and chartered ships have still to deliver into our core fleet mainly in 2012-2013. We remain focused on expanding further our core dry bulk fleet, and we anticipate that the current downward pressure on values will generate opportunities for additional vessel acquisitions in the remainder of 2011.



Our contracts performed as expected during the period with again no counterparty defaults. As at 11 April 2011, we had secured cargo cover for 76% of our combined handysize and handymax revenue days in 2011 (see graph).

PB Energy & Infrastructure Services

PB Towage Australia stands to benefit from the development of new Australian oil and gas projects which we expect will impact positively on our offshore towage businesses over 2011. Strong commodity exports and improved container line activity – previously hard hit by the global financial crisis – are also expected to lift the performance of PB Towage's Australian harbour towage business. Our Townsville harbour towage operations have been temporarily affected by the Queensland floods, although vessel movements are recovering. The Middle East experienced continued weakness in the offshore and infrastructure sectors, so we are concentrating on developing new opportunities in our focus region of Australasia.

PB RoRo

Our first RoRo vessel is trading satisfactorily in the North Sea, and two vessels are deployed in the fledgling Nafta Gulf Bridge RoRo service between Veracruz and Mobile in the US Gulf which is building from low initial volumes. Our fourth RoRo newbuilding delivered in March and was immediately deployed in a Mediterranean service under a one year time charter. We are actively engaged in developing employment for two remaining Odense newbuildings scheduled to deliver in the second half of this year. However, we take a realistic view that rate levels, at least initially, will be poor as we expect the charter market for RoRo vessels to remain depressed despite on-going improvement in freight volumes for the sector.

FINANCING & DISPOSAL OF NON-CORE ASSETS

We completed the redemption and cancellation of the remaining US$105 million of our original 3.3% coupon 2013 convertible bonds which have now been de-listed from the Hong Kong Stock Exchange. Our convertible debt now comprises US$230 million of new 1.75% coupon convertible bonds due in 2016.

In April, we sold our entire remaining holding in Green Dragon Gas generating gross proceeds of US$81.8 million and a net gain of US$55.8 million. Aggregated with shares we sold in December 2010, our disposals of Green Dragon Gas shares have generated a combined net gain of US$71.8 million.

FLEET DEVELOPMENT

As at 15 April 2011, the Group's fleet (including newbuildings) numbered 194 vessels comprising 146 dry bulk ships, 41 tugs and barges, one bunker tanker and six RoRos. We await the delivery of 23 owned or long term chartered bulk carriers and two RoRos between 2011 and 2014. Our dry bulk core fleet has an average vessel age of 6.5 years.

The following table summarises our fleet commitments as at 15 April 2011:

	Delivered		Newbuildings on order		
	Owned	Chartered[1]	Owned	Chartered[1]	Total
Dry Bulk Fleet					
Handysize	30	52	7	7	**96**
Handymax	2	39	5	2	**48**
Post Panamax	–	–	1	1	**2**
Total Dry Bulk Vessels	**32**	**91**	**13**	**10**	**146**
Towage					
Tugs	32	2	–	–	**34**
Barges	6	1	–	–	**7**
Bunker Tanker	1[2]	–	–	–	**1**
Total Towage Vessels	**39**	**3**	**–**	**–**	**42**
Roll on Roll off	**4**	**–**	**2**	**–**	**6**
Grand Total	**75**	**94**	**15**	**10**	**194**

Note:

1 Dry bulk chartered fleet comprises 13 vessels under finance leases and 88 vessels under operating leases, including non-core vessels chartered in for shorter term periods.

2 The Group has a 50% interest in a bunker tanker.

A table detailing our fleet development in the period since 31 December 2010 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, 18 April 2011

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

Shareholders and investors are reminded that this trading update for the period ended 18 April 2011 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.