Shareholders and investors are reminded that this trading update for the period ended 6 April 2016 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 2016 TRADING UPDATE

Dry bulk freight market indices continued to decline to new record lows for all bulk carrier types in early 2016. The seasonally slower winter and Chinese New Year holiday period was followed by increased activity resulting in improved freight rates since mid-February for minor bulk ships, albeit from a very low base.

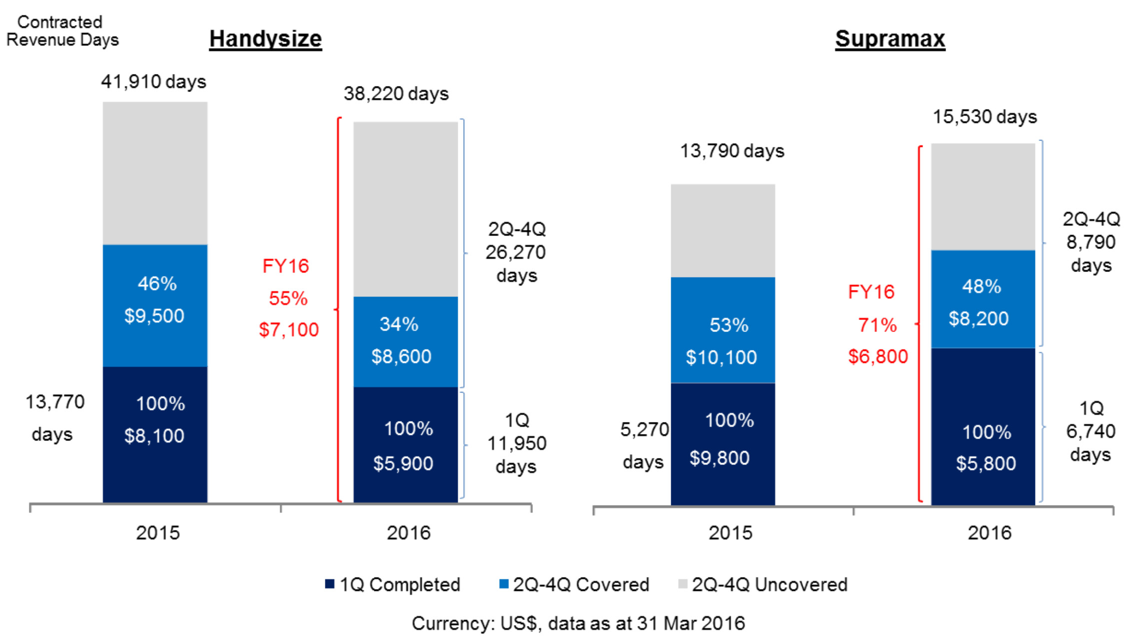
We continued to leverage our business model to outperform the market indices, generating average Handysize and Supramax daily TCE earnings of US$5,900 and US$5,800 per day net in the first quarter, outperforming the BHSI and BSI spot market indices by 83% and 61% respectively.

As at 31 March, we have secured cover for the remaining three quarters of 2016 as follows:

- 34% of our 26,270 contracted Handysize revenue days at around US$8,600 per day net
- 48% of our 8,790 contracted Supramax revenue days at around US$8,200 per day net

For the full year 2016, we have currently covered:

- 55% of our 38,220 contracted Handysize revenue days at around US$7,100 per day net
- 71% of our 15,530 contracted Supramax revenue days at around US$6,800 per day net



In the year to date, we have not entered into any new long-term inward charter commitments. We are relying more on our larger owned fleet, complemented by ships on shorter-term and index-linked charters which contribute to our results even in this weak market.

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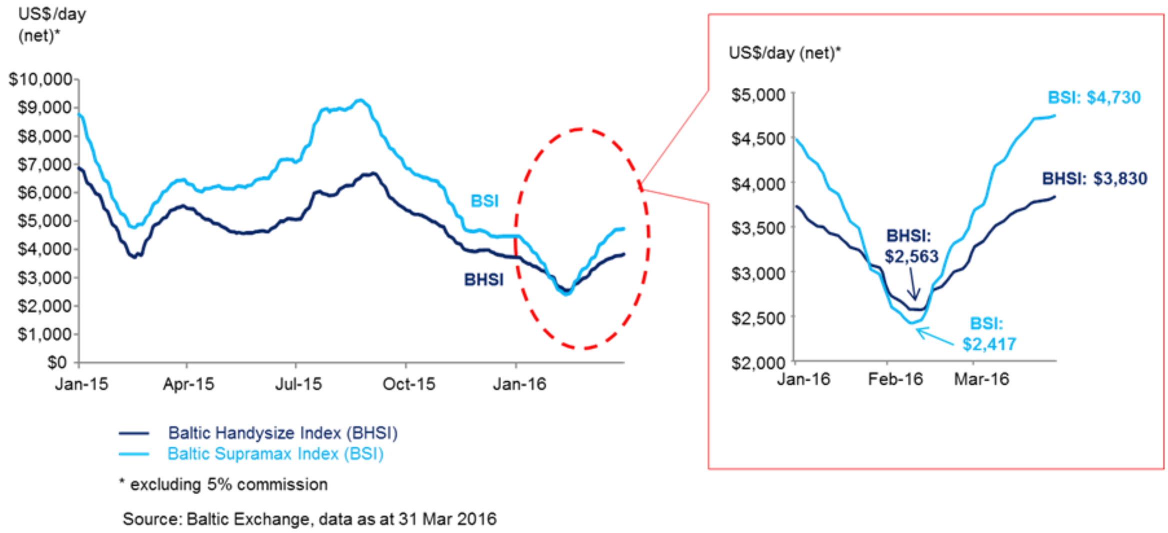
Market spot rates for Handysize and Supramax ships averaged US$3,240 and US$3,610 per day net respectively in the first quarter of 2016. These average market rates represent a 27% and 34% decline on the previous quarter, and a 36% and 41% decline compared to the same period last year.

Baltic Handysize Index (BHSI) & Baltic Supramax Index (BSI)



Supramax rates fell below Handysize rates in early February which closed the gap between our own Supramax and Handysize TCE earnings in the quarter. However, as the freight market improved from mid-February, Supramax market rates reverted to above Handysize rate levels. It is important to note that about two thirds of our Supramax fleet is chartered in on a short-term basis, and the weak Supramax market rates are not only affecting our revenue but are also reducing our Supramax vessel costs.

Chinese steel exports remained at high levels following strong growth in 2015. Chinese demand for minor bulks grew marginally year on year in the first two months led by growth in bauxite and copper concentrates imports. Robust long haul South American grain exports took away market share from the United States due to the stronger US Dollar and Argentina’s relaxation of currency and grains export controls, supporting stronger market rates in the Atlantic in February and March compared to the Pacific.

Values of benchmark five year old Handysize bulk carriers and Handysize newbuildings have both reduced by US$0.5 million since the start of the year to US$9.5 million and US$20 million respectively, as estimated by Clarksons Platou. The significant gap between newbuilding and secondhand prices continues to discourage new ship ordering activity which was negligible during the quarter.

The overall dry bulk orderbook has reduced, slippage remains high, and we expect new ship deliveries in the full year 2016 to be at a similar level to last year’s 49 million deadweight tonnes.

Year-to-date average industry freight earnings are below industry cash operating expenses for many shipowners, and self-correcting supply-side dynamics are forcing surplus capacity out of the market place. Shippers are concerned about counterparty risks, and financially exposed shipowners are increasingly struggling to find employment. A significantly higher level of scrapping seen in early 2016 (56 million deadweight tonnes on an annualised basis) has helped to reduce global dry bulk net fleet growth year on year which, if sustained, could lead to a net shrinkage of the global dry bulk fleet in 2016.

By Order of the Board

Mok Kit Ting, Kitty
Company Secretary

Hong Kong, 6 April 2016

As at the date of this announcement, the executive Directors of the Company are David Muir Turnbull, Mats Henrik Berglund, Andrew Thomas Broomhead and Chanakya Kocherla, and the independent non-executive Directors of the Company are Patrick Blackwell Paul, Robert Charles Nicholson, Alasdair George Morrison, Daniel Rochfort Bradshaw and Irene Waage Basili.