Pacific Basin Shipping Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2343)

Q3 2007 TRADING ACTIVITIES UPDATE

Very strong dry bulk market with favourable outlook

- The dry-bulk freight market has continued to soar with rates reaching new record highs, both for spot and for forward business. As at 31st October, the Baltic Dry Index ("BDI") stood at 10656 points, an increase of 70% since the end of June. Over the same period, Baltic Handysize spot rates have climbed by 66% to US$45,000 per day net.

- Forward rates reflect this favourable outlook. Clarkson's 12 month time charter rate for a handysize vessel now stands at US$39,425 per day net, up by 66% from US$23,750 per day net at end June.

- Revenue days for 2008 are now at 23,450 handysize days, a 16% increase over 2007 as we continue to grow our fleet. Our handysize cover for 2007 and 2008 currently stands at 93% and 37% respectively, and we have started to build a solid book of cover for 2009 and 2010.

- On the basis of continuing robust demand and limited supply of new tonnage, the strong market is anticipated to continue into Q4 2007 and 2008. With fleet utilisation levels close to all-time highs however, we can expect to see volatility in rates associated with small adjustments in demand and availability of vessels.

- Vessel values have continued to increase. Clarkson estimates that a 5-year old 28,000 deadweight tonne handysize bulk carrier is now worth US$45 million, an increase of 45% since the beginning of the year and 20% since the end of June. The average age of our owned and long term chartered fleet is now 6.4 years.

- During the last quarter, four of our oldest ships and one younger ship have been sold, all of them with time charter backs at attractive rates. Our fleet now comprises 103 vessels on the water and 17 newbuildings on order. The operating fleet comprises 17 owned, 60 long term chartered and 26 short term charters.

- Our outlook for the market remains optimistic with positive industry fundamentals giving a solid base for future growth.

Vessel Activity Summary

	Unit	FY 2007	FY 2008
Handysize			
Cargo as % of ship commitments	%	93%	37%
Revenue days	days	20,140	23,450
Daily TCE	US$	21,920	21,000
Handymax			
Cargo as % of ship commitments	%	103%	58%
Revenue days	days	5,610	4,600
Daily TCE	US$	27,120	30,490

Market and Business Review

The current strength in the freight market is driven by the increase in demand for the “major bulk” commodities of coal and iron ore as well as several “minor bulk” cargoes such as nickel ore, steel and bauxite. A shift in the grain trades towards longer-haul movements from North and South America, as opposed to Australia has further supported the handysize and handymax markets this year.

Current indications suggest a substantial increase in the price of contract iron ore as of April 2008, far in excess of the 9.6% increase in 2007; as a consequence steel mills may seek to stock pile iron ore in advance of the increase, which would likely give further support to the freight market in the short term.

The firm freight market outlook is evidenced by a 66% increase in one year handysize time charter rates[1] which now stand at US$39,425 per day net compared to US$23,750 per day net at the end of June. This outlook is encouraging charterers to look for longer term cover well beyond 2008. We have now covered 93% of our 2007 handysize revenue days at almost US$22,000 per day net after execution premium, and 37% of our 2008 handysize revenue days at almost US$21,000 per day net after expected execution premium. The additional coverage secured since our interim report has been at rates, on average, in excess of US$37,000 per day net for 2007 and US$26,500 per day net for 2008. The additional cover rate for 2008 reflects the blend of one year and longer term contracts. We have started to build a solid cover foundation for 2009, with around 23% of its revenue days covered, and 2010 at very respectable levels. We continue to adopt a cautious approach to covering through Forward Freight Agreements (FFA) and only use these instruments for hedging purposes.

In the handymax sector, one year time charter rates[1] have moved up by 75% to US$66,500 per day net compared to US$38,000 per day net since the end of June. Whilst we have seen some easing of cement demand into the USA, vigorous demand to ship coal, grains, iron ore and steels, particularly in China and India, have supported this market.

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1 Clarkson

The year to end September supply of new tonnage has produced an annualised net fleet growth of 2.9% in the handysize segment and 6.2% for drybulk overall. This new tonnage is being quickly absorbed into the market.

The high prevailing rates have encouraged the creation of new yards promising earlier ship deliveries than established yards with a resultant increase in orders from 2009. However, the actual delivery of many of these vessels is far from guaranteed given the difficulties of sourcing specialised components such as main engines and cranes from their respective manufacturers, who cannot keep up with demand, and of getting acceptable refund guarantees from respectable financial institutions.

We are constantly vigilant for signs of weakness in the world economy which could impact the dry bulk market. These include the mortgage backed securities crisis in the USA, or a significant slowdown in China's growth brought about by events either within or outside the PRC government's control. Freight rates sailed through a turbulent summer for the financial markets, suggesting strength in underlying 'real economy' fundamentals. Nevertheless, we must be cautious.

Following our investment in Nanjing Port, we continue to actively develop our business in areas related to our handy shipping core, in China and elsewhere.

Fleet Development

The rapid increase in handysize vessel prices has meant we have become more selective in terms of the acquisition of additional vessels but we are actively building our fleet using operating leases where we see opportunities. However, on the back of our relationship with China Huaneng Group and the expanding Chinese coal trades, we have acquired two post panamax vessels to be delivered from a state owned Chinese shipyard in 2011. The first will be owned in a joint venture and the second is contracted to Pacific Basin.

Since our interim report, we have sold (with charter back) 4 vessels bringing our year to date total of such deals to 13. As a result of the sale and charter back of these vessels, the ratio of owned to chartered vessels has changed to 62:38 of our expected 20,140 revenue days for 2007. The average 2007 contracted daily cost of these 7,650 chartered in vessel days is around US$12,230, increasing to US$15,360 for the 11,260 chartered in vessel days for 2008 and then decreasing to US$14,350 for the 9,860 chartered in vessel days for 2009.

Core Fleet Details [6]

	Number of vessels						
	In operation			Newbuildings			Total fleet including new-buildings
	Owned	Chartered[1]	Subtotal	Owned	Chartered[1]	Subtotal	
Handysize Fleet							
As at 1 August 2007	19	39	58	11	2	13	**71**
Newbuilding delivered	–	1	1	–	(1)	(1)	**–**
New charters[2]	–	4	4	–	1	1	**5**
Sale and time charter back [3]	(4)	4	–	–	–	–	**–**
As at 1 November 2007	15	48	63	11	2	13	**76**
Handymax Fleet							
As at 1 August 2007	2	8	10	1	1	2	**12**
Newbuilding delivered	–	1	1	–	(1)	(1)	**–**
New charters [4]	–	3	3	–	–	–	**3**
As at 1 November 2007	2	12	14	1	–	1	**15**
Post Panamax Vessels							
As at 1 August 2007	–	–	–	–	–	–	**–**
New orders [5]	–	–	–	2	–	2	**2**
New charter [5]	–	–	–	–	1	1	**1**
As at 1 November 2007	–	–	–	2	1	3	**3**
Total Fleet as at 1 November 2007	**17**	**60**	**77**	**14**	**3**	**17**	**94**

1 Includes 27 handysize, 2 handymax and 1 post panamax vessels with purchase options
2 Includes 3 vessels which are expected to join our chartered fleet within 2007 and 1 vessel in the second quarter of 2008
3 Includes "Amazonia", the sale of which is currently expected to be completed within 2007
4 Includes 1 vessel which is expected to join our chartered fleet within 2007 and 1 vessel in the second quarter of 2008
5 The Group has a 50% interest in one of the owned newbuildings and the chartered newbuilding through its joint venture
6 Excludes minibulkers, tugs, barges, or purely managed vessels

Dividend Policy

Our policy to pay out, by way of interim and final dividends, not less than 50% of profits available for distribution in each financial year remains unchanged.

By Order of the Board
Richard Hext
Chief Executive Officer

Hong Kong, 1 November 2007

As at the date of this announcement, the executive directors of the Company are Christopher Richard Buttery, Richard Maurice Hext, Klaus Nyborg, Wang Chunlin and Jan Rindbo, the non-executive directors of the Company are Dr. Lee Kwok Yin, Simon and Daniel Rochfort Bradshaw, and the independent non-executive directors of the Company are Robert Charles Nicholson, Patrick Blackwell Paul, The Earl of Cromer and David Muir Turnbull.

Shareholders and investors are reminded that this trading activities update for the period ended 1 November 2007 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.