



Boston, United States
Sydney, Australia
2 July 2019 AEST

Confirmation of Conversion of 3 of 4 Convertible Notes by Crystal Amber

BOSTON and SYDNEY – 2 July 2019 – GI Dynamics® Inc. (ASX: GID) (the Company), a medical device company that is developing EndoBarrier® for patients with type 2 diabetes and obesity confirms that, following the Company's announcement on 1 July 2019, it has today issued a total of 453,609,963 CHESS Depositary Interests (CDIs) (representing 9,072,198 shares of common stock) to Crystal Amber Fund Limited (Crystal Amber).

The CDIs have been issued as a result of the conversion by Crystal Amber of the principal amounts and all interest accrued on the convertible notes issued by the Company to Crystal Amber on 30 May 2018 (May 2018 Convertible Note), 18 March 2019 (March 2019 Convertible Note) and 8 May 2019 (May 2019 Convertible Note).

Further details of the allotment of the CDIs as a result of the conversion of the May 2018 Convertible Note, the March 2019 Convertible Note and the May 2019 Convertible Note are set out below as well as in the attached Appendix 3B.

“Crystal Amber exercised its voluntary conversion rights of the 3 Convertible Notes described by us in the past, further summarized in this release,” said Scott Schorer, president and chief executive officer of GI Dynamics. “This conversion simplifies our capital and debt structure and ceases the continued accrual of interest on these Notes. We appreciate the continued support of Crystal Amber and our other shareholders, and look forward to making EndoBarrier and GI Dynamics successful.”

Please note that this announcement addresses three of the four convertible notes with Crystal Amber. The first note originally executed in June 2017 remains outstanding and is subject to the [note extension](#).

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May 2018 Convertible Note

At the election of Crystal Amber, the principal amount of the May 2018 Convertible Note, being US\$1,750,000, plus the accrued interest in an amount of US\$191,877, which together total US\$1,941,877, has been converted into 134,852,549 CDIs (representing 2,697,050 shares of common stock) at a conversion price of US\$0.0144 per CDI. The CDIs issued as a result of the conversion of the May 2018 Convertible Note rank equally in all respects with all other CDIs on issue. All principal and interest owed by the Company to Crystal Amber under the terms of the May 2018 Convertible Note has been satisfied in full by the issue of the relevant CDIs and the May 2018 Convertible Note has no further effect.

March 2019 Convertible Note

At the election of Crystal Amber, the principal amount of the March 2019 Convertible Note, being US\$1,000,000, plus the accrued interest in an amount of US\$29,589, which together total US\$1,029,589, has been converted into 81,070,003 CDIs (representing 1,621,400 shares of common stock) at a conversion price of US\$0.0127 per CDI. The CDIs issued as a result of the conversion of the March 2019 Convertible Note rank equally in all respects with all other CDIs on issue. All principal and interest owed by the Company to Crystal Amber under the terms of the March 2019 Convertible Note has been satisfied in full by the issue of the relevant CDIs and the March 2019 Convertible Note has no further effect.

May 2019 Convertible Note

At the election of Crystal Amber, the principal amount of the May 2019 Convertible Note, being US\$3,000,000 (which was advanced in four tranches as previously announced), plus the accrued interest in an amount of US\$18,629, which together total US\$3,018,629, has been converted into 237,687,411 CDIs (representing 4,753,748 shares of common stock) at a conversion price of US\$0.0127 per CDI. The CDIs issued as a result of the conversion of the May 2019 Convertible Note rank equally in all respects with all other CDIs on issue. All principal and interest owed by the

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Company to Crystal Amber under the terms of the May 2019 Convertible Note has been satisfied in full by the issue of the relevant CDIs and the May 2019 Convertible Note has no further effect.

Restrictions on Resale of Securities in the United States

None of the securities issuable under the convertible notes have been registered under the Securities Act of 1933, as amended (Act), or any state securities laws, and until so registered may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Act and applicable state securities laws. This announcement is not an offer to sell, nor a solicitation of an offer to buy any securities, nor shall there be any sale of these securities in any state or jurisdiction in which the offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction or an applicable exemption therefrom.

Restrictions on trading the CDIs on ASX

In accordance with the terms of the May 2018 Convertible Note, the March 2019 Convertible Note and the May 2019 Convertible Note, Crystal Amber is restricted from trading any of the above-mentioned CDIs that have been issued as a result of the conversion of the relevant convertible notes for a period of 12 months from 2 July 2019.

About GI Dynamics

GI Dynamics®, Inc. (ASX:GID) is the developer of EndoBarrier®, the first endoscopically-delivered device therapy for the treatment of type 2 diabetes and obesity. EndoBarrier is not approved for sale and is limited by federal law to investigational use only. Founded in 2003, GI Dynamics is headquartered in Boston, Massachusetts. For more information please visit www.gidynamics.com.

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Forward-Looking Statements

This announcement may contain forward-looking statements. These statements are based on GI Dynamics management's current estimates and expectations of future events as of the date of this announcement. Furthermore, the estimates are subject to several risks and uncertainties that could cause actual results to differ materially and adversely from those indicated in or implied by such forward-looking statements.

These risks and uncertainties include, but are not limited to, risks associated with our ability to continue to operate as a going concern; our ability to raise sufficient additional funds to continue operations and to conduct the planned pivotal trial of EndoBarrier in the United States (STEP-1); our ability to execute STEP-1 under FDA's Investigational Device Exemption; our ability to enlist clinical trial sites and enroll patients in accordance with STEP-1; the risk that the FDA stops STEP-1 early as a result of the occurrence of certain safety events or does not approve an expansion of STEP-1; our ability to maintain compliance with our obligations under our existing convertible note and warrant agreements executed with Crystal Amber, including our obligations to make payment on the Note that is due on 1 October 2019; our ability to restructure the terms of the Note with Crystal Amber that is due on 1 October 2019 if we are unable to raise sufficient funds to enable us to fully repay such note when due; obtaining and maintaining regulatory approvals required to market and sell our products; the possibility that future clinical trials will not be successful or confirm earlier results; the timing and costs of clinical trials; the timing of regulatory submissions; the timing, receipt and maintenance of regulatory approvals; the timing and amount of other expenses; the timing and extent of third-party reimbursement; intellectual-property risk; risks related to excess inventory; risks related to assumptions regarding the size of the available market; the benefits of our products; product pricing; timing of product launches; future financial results; and other factors, including those described in our filings with the U.S. Securities and Exchange Commission.

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Given these uncertainties, one should not place undue reliance on these forward-looking statements. We do not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or otherwise, unless we are required to do so by law.

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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

GI Dynamics, Inc

ARBN

151 239 388

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- | | |
|---|--|
| 1 +Class of +securities issued or to be issued | <ol style="list-style-type: none">1. Conversion of a convertible note, that had a face value of US\$1,750,000 which was issued on 30 May 2018 (2018 Convertible Note), plus accrued interest in an amount of US\$191,877, into 134,852,549 Chess Depositary Interests (CDIs) representing 2,697,050 shares of common stock (Shares)2. Conversion of a convertible note, with a face value of US\$1,000,000 which was issued in March 2019 and the conversion feature approve in June 2019 (March 2019 Convertible Note), plus accrued interest in an amount of US\$29,589 into 81,070,003 CDIs representing 1,621,400 Shares3. Conversion of a convertible note, with a face value of US\$3,00,000 which was issued in March 2019 and the conversion feature approve in June 2019 (May 2019 Convertible Note) plus accrued interest in an amount of US\$18,629 into 237,687,411 CDIs representing 4,753,748 Shares |
|---|--|

+ See chapter 19 for defined terms.

- 2 Number of +securities issued or to be issued (if known) or maximum number which may be issued

TOTAL: **453,609,963** (CDIs)
(representing approx 9,072,198 Shares)
as follows:

1. 2018 Convertible Note: converted into 134,852,549 CDIs (representing 2,697,050 Shares) (principal amount plus interest = US\$1,941,877 divided by the exercise price = \$0.0144)
2. March 2019 Convertible Note: converted into 81,070,003 CDIs (representing 1,621,400 Shares) (principal amount plus interest = US\$1,029,589 divided by the exercise price = \$0.0127)
3. May 2019 Convertible Note: converted into 237,687,411 CDIs (representing 4,753,748 Shares) (principal amount plus interest = US\$3,018,629 divided by the exercise price = \$0.0127)

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- | | |
|--|---|
| <p>3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p> | <ol style="list-style-type: none">1. The CDIs issued as a result of the conversion of the 2018 Convertible Note rank equally with other CDIs on issue. All principal and interest owed by the Company to Crystal Amber under the terms of the 2018 Convertible Note has been satisfied in full by the issue of the relevant CDIs and the May 2018 Convertible Note has no further effect.2. The CDIs issued as a result of the conversion of the March 2019 Convertible Note rank equally with other CDIs on issue. All principal and interest owed by the Company to Crystal Amber under the terms of the March 2019 Convertible Note has been satisfied in full by the issue of the relevant CDIs and the March 2019 Convertible Note has no further effect.3. The CDIs issued as a result of the conversion of the May 2019 Convertible Note rank equally with other CDIs on issue. All principal and interest owed by the Company to Crystal Amber under the terms of the May 2019 Convertible Note has been satisfied in full by the issue of the relevant CDIs and the May 2019 Convertible Note has no further effect. |
|--|---|

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>The CDIs that have been issued upon conversion of the 2018 Convertible Note, the March 2019 Convertible Note and the May 2019 Convertible Note all rank equally with the Company's existing CDIs, including in terms of the eligibility to participate in any dividends.</p>
<p>5 Issue price or consideration</p>	<ol style="list-style-type: none"> 1. 2018 Convertible Note: US\$1.75m face value 2. March 2019 Convertible Note: US\$1 million face value 3. May 2019 Convertible Note: US\$3 million face value

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<ol style="list-style-type: none"> 1. The CDIs issued upon conversion of the 2018 Convertible Note were issued to cornerstone shareholder, Crystal Amber Fund Limited. All funds raised as a result of issuing the 2018 Convertible Note were used in relation to the continued development of EndoBarrier and to meet ongoing working capital needs. 2. The CDIs issued upon conversion of the March 2019 Convertible Note were issued to cornerstone shareholder, Crystal Amber Fund Limited. All funds raised as a result of issuing the March 2019 Convertible Note have used to meet ongoing working capital needs and the ongoing development of Endobarrier. 3. The CDIs issued upon conversion of the May 2019 Convertible Note were issued to cornerstone shareholder, Crystal Amber Fund Limited. All funds raised as a result of issuing the May 2019 Convertible Note are being used to meet ongoing working capital needs and the ongoing development of Endobarrier.
<p>6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>N/A</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>N/A</p>
<p>6c Number of ⁺securities issued without security holder approval under rule 7.1</p>	<p>N/A</p>

⁺ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	N/A		
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A		
6f	Number of +securities issued under an exception in rule 7.2	N/A		
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A		
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A		
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A		
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	<div style="border: 1px solid black; padding: 10px; min-height: 150px;"> <ol style="list-style-type: none"> 1. 2 July 2019 2. 2 July 2019 3. 2 July 2019 </div>		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; text-align: center;">Number</td> <td style="width: 40%; text-align: center;">+Class</td> </tr> </table>	Number	+Class
Number	+Class			

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable)	Actual number of CDIs quoted is 1,412,596,812 CDIs 1,417,487,262 CDIs would be quoted if all shares of common stock were held as CDIs	CDIs
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Number	⁺ Class
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⁺ See chapter 19 for defined terms.

<p>9 Number and ⁺class of all ⁺securities not quoted on ASX (including the ⁺securities in section 2 if applicable)</p>	<p>97,809 shares of common stock (or 4,890,450 CDIs)</p> <p>7,116 options (over 7,116 shares of common stock or 355,800 CDIs)</p> <p>1,026,562 options (over 1,026,562 shares of common stock or 51,328,100 CDIs)</p> <p>250,000 performance stock units (over 250,000 shares of common stock or 12,500,000 CDIs)</p> <p>28,532 warrants (over 28,52 shares of common stock of 1,426,600 CDIs)</p> <p>97,222,200 warrants (over 97,222,200 CDIs)</p> <p>78,984,823 warrants (over 78,984,823 CDIs)</p> <p>236,220,480 warrant (over 236,220,480 CDIs)</p>	<p>Shares of common stock issued as of 8 March 2018</p> <p>Options issued under the 2003 Omnibus Stock Plan</p> <p>Options issued under the 2011 Employee, Director and Consultant Equity Incentive Plan</p> <p>Performance stock units issued under the 2011 Employee, Director and Consultant Equity Incentive Plan</p> <p>Warrants to purchase shares of common stock issued 4 May 2016</p> <p>Warrants to purchase CDIs issued pursuant to a Note and Warrant Purchase Agreement dated 30 May 2018</p> <p>Warrants to purchase CDIs issued pursuant to a Warrant Purchase Agreement dated 30 June 2019</p> <p>Warrants to purchase CDIs issued pursuant to a Warrant Purchase Agreement dated 30 June 2019</p>
<p>+ See chapter 19 for defined terms.</p> <p>04/03/2013</p>	<p>One Convertible Note with a face value of US\$5,000,000</p>	<p>Convertible Note issued pursuant to a Note Purchase Agreement dated 16 June 2017</p>

Appendix 3B
New issue announcement

	One Convertible Note with a face value of US\$5,000,000	Convertible Note issued pursuant to a Note Purchase Agreement dated 16 June 2017
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No change

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the ⁺ securities will be offered	N/A
14	⁺ Class of ⁺ securities to which the offer relates	N/A
15	⁺ Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

+ See chapter 19 for defined terms.

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- 32 How do security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 ⁺Issue date N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ☒ ⁺Securities described in Part 1
- (b) ☐ All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> <tr> <td style="height: 100px;"></td> <td style="height: 100px;"></td> </tr> </table>	Number	+Class		
Number	+Class					

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Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Charles R. Carter Date: 7/1/19
(Director/Company secretary)

Print name: CHARLES R. CARTER

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+ See chapter 19 for defined terms.