



GI Dynamics, Inc. – ASX Announcement

GI DYNAMICS, INC. ANNOUNCES COMPLETION OF A\$57.5 MILLION PRIVATE PLACEMENT AND LAUNCH OF SHARE PURCHASE PLAN

Lexington, Mass., United States and Sydney, Australia – 3 July 2013 AEST – GI Dynamics, Inc. (**ASX: GID**) (“**GI Dynamics**” or the “**Company**”) is pleased to announce that it has received commitments for an oversubscribed private placement of 108.5 million fully paid CHES Depository Interests (**CDIs**) at an issue price of A\$0.53 per CDI to sophisticated, professional and accredited investors in Australia, the United States of America and certain other jurisdictions to raise A\$57.5 million (**Placement**). GI Dynamics intends to use the proceeds raised from the Placement and Share Purchase Plan (see below) to fund its U.S. pivotal clinical trial and for general working capital purposes.

“We are very pleased with the successful completion of this financing,” commented Stuart A. Randle, chief executive officer of GI Dynamics. “With the FDA’s approval last year to allow us to move forward with a pivotal trial in the United States rather than a pilot trial, our clinical investment needs increased. This financing allows us to fully and rapidly resource our pivotal trial (The ENDO Trial) in the United States while continuing to expand our commercial footprint and sales ramp in Europe, Australia, South America and the Middle East and build the case for reimbursement in key markets.”

The Company is also pleased to announce the terms of an offer to eligible shareholders with a registered address in Australia or New Zealand (**Eligible Shareholders**) under a Share Purchase Plan (**SPP**) as described below.

Placement

The CDIs that have been subscribed for under the Placement comprise:

- 71,833,628 CDIs which are available for issue under GI Dynamics' 25% placement capacity under ASX Listing Rules 7.1 and 7.1A, which will be issued on or around 9 July 2013; and
- an additional 36,656,938 CDIs which are in excess of GI Dynamics' 25% placement capacity under ASX Listing Rules 7.1 and 7.1A and which will be subject to shareholder approval (**Additional CDIs**).

Shareholder approval will be sought for the issue of the Additional CDIs at an Extraordinary General Meeting of GI Dynamics that is scheduled to take place on or around 29 July 2013.

The Placement CDIs will rank equally in all respects with CDIs on issue at the date of allotment.

www.gidynamics.com

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GI Dynamics, Inc., is a corporation incorporated in Delaware, USA, whose stockholders have limited liability. ARBN 151 239 388

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Bell Potter Securities Limited served as lead placement agent in Australia and other jurisdictions outside the United States, and CIMB Group served as co-placement agent in Australia and Asia. Lazard Capital Markets LLC served as lead placement agent in the United States, and SunTrust served as co-placement agent in the U.S.

Share Purchase Plan

The Company is also pleased to announce the terms of an offer to eligible shareholders of the Company with a registered address in Australia or New Zealand (**Eligible Shareholders**) under a Share Purchase Plan (**SPP**) to raise up to A\$2.5 million (or such greater amount as the directors determine).

The SPP will provide Eligible Shareholders of GI Dynamics with an opportunity to purchase CDIs in the Company without incurring brokerage or other transaction costs and at the placement issue price of A\$0.53.

Under the SPP, each Eligible Shareholder who held CDIs or shares of common stock in GI Dynamics at the record date of 2 July 2013 will be entitled to acquire up to A\$15,000 worth of new CDIs in the Company (each representing an interest in one fifth of a share of common stock) which will rank equally in all respects with the CDIs of GI Dynamics on issue at the date of their allotment (**SPP CDIs**). The SPP CDIs will be offered at an issue price of A\$0.53 per CDI.

If subscriptions under the SPP exceed A\$2.5 million, the Company may scale back the number of SPP CDIs issued to each applicant. If applications are scaled back, any excess application monies will be refunded without interest. However, the Board retains the discretion to issue additional SPP CDIs to satisfy all or part of such applications in excess of A\$2.5 million.

Shareholder approval is not required for the issue of Shares to Eligible Shareholders under the SPP. The SPP offer documentation will be despatched to Eligible Shareholders on or around 12 July 2013 together with an Application Form. Eligible Shareholders will need to complete and return the Application Form by 5 p.m. (Australian Eastern Standard Time) on 26 July 2013 in order to take up CDIs under the SPP. Eligible Shareholders should consider all of the SPP documentation, including the SPP Terms and Conditions, before deciding whether to participate in the offer.

Important Dates for SPP

Record date for determining entitlements under SPP	5.00pm AEST on 2 July 2013
SPP documents despatched to Eligible Shareholders	12 July 2013
SPP offer opens	12 July 2013
SPP offer closes	5.00pm AEST on 26 July 2013
SPP Shares allotted and holding statements despatched	5 August 2013

The dates in the table above are indicative only and GI Dynamics may amend this timetable. GI Dynamics may also withdraw the offer of new CDIs under the SPP at any time before the allotment date in its absolute discretion.

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The securities to be offered have not been registered under Securities Act of 1933, as amended (the **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.

Robert Crane
Chief Financial Officer & Company Secretary

About GI Dynamics

GI Dynamics, Inc. (ASX: GID) is the developer and marketer of EndoBarrier®, a breakthrough device that represents an entirely new class of non-surgical, non-pharmaceutical therapy for the treatment of type 2 diabetes and/or obesity. EndoBarrier is approved and commercially available in multiple countries outside the U.S. EndoBarrier is not approved for sale in the U.S. and is limited by federal law to investigational use only in the United States. GI Dynamics is conducting a pivotal clinical trial of EndoBarrier in the U.S. for the treatment of patients who have uncontrolled type 2 diabetes and are obese. Founded in 2003, GI Dynamics is headquartered in Lexington, Massachusetts. For more information, please visit www.gidynamics.com.

Forward-Looking Statements

This announcement contains or may contain forward-looking statements that are based on management's beliefs, assumptions and expectations and on information currently available to management. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements, including without limitation our expectations with respect to our ability to commercialize our EndoBarrier® including our estimates of potential revenues, costs, profitability and financial performance; our ability to develop and commercialize new products including our ability to obtain reimbursement for our products; our expectations with respect to our clinical trials, including enrollment in or completion of our clinical trials and our associated regulatory submissions and approvals; our expectations with respect to the integrity or capabilities of our intellectual property position. Management believes that these forward-looking statements are reasonable as and when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. GI Dynamics does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. GI Dynamics may not actually achieve the plans, projections or expectations disclosed in forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, described in "Risk Factors" in our Prospectus lodged with the Australian Securities & Investments Commission on 3 August 2011.

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