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DANIER

Listing: TSX

Symbol: DL

**DANIER LEATHER ANNOUNCES INTENTION TO REPURCHASE UP TO
CDN\$10 MILLION OF ITS SUBORDINATE VOTING SHARES UNDER
A SUBSTANTIAL ISSUER BID**

TORONTO, ONTARIO, October 23, 2012 – Danier Leather Inc. (TSX: DL) ("**Danier**" or the "**Corporation**") announced today that it intends to make a substantial issuer bid (the "**Offer**"), pursuant to which Danier will offer to repurchase for cancellation up to Cdn\$10 million in value of its outstanding subordinate voting shares (the "**Shares**") from shareholders for cash. The Offer will be by way of a "modified Dutch auction" and the range of Offer prices will be between Cdn\$12.55 to Cdn\$13.30 per Share. The maximum Purchase Price (as defined below) under the Offer represents a premium of approximately 19% over the volume weighted average trading price of the Shares on the TSX of Cdn\$11.15 for the last 30 trading days preceding the date of this announcement.

The modified Dutch auction tender process allows shareholders to individually select the price, within the specified range (in increments of Cdn\$0.15 per Share), at which they are willing to sell all or a portion of their Shares. When the Offer expires, Danier will select the lowest tendered price from within the range of prices (the "**Purchase Price**") that would allow it to buy up to Cdn\$10 million of the Shares validly tendered to the Offer. All Shares tendered at or below the selected price will be bought at the Purchase Price, subject to the preferential acceptance of "odd lots" (being individual holdings of less than 100 Shares in the aggregate) and pro-rationing if the aggregate cost to purchase all of such tendered Shares exceeds Cdn\$10 million. All Shares tendered at prices higher than the Purchase Price will be returned to shareholders. The Corporation will fund any purchases of Shares pursuant to the Offer from available cash on-hand.

The Offer will be for up to approximately 23.28% of the total number of issued and outstanding Shares on a non-diluted basis (based on a Purchase Price equal to the minimum purchase price per Share of Cdn\$12.55 and 3,422,573 Shares outstanding on October 23, 2012).

The Offer will not be conditional on any minimum number of Shares being tendered to the Offer, but will be subject to other conditions customary for transactions of this nature. The Offer will remain open for acceptance until 7:00 p.m. (Toronto time) on November 28, 2012, unless withdrawn or extended by the Corporation. It is anticipated that the formal offer to purchase and issuer bid circular and other related documents (the "**Offer Documents**"), containing the terms and conditions of the Offer and instructions for tendering Shares, among other things, will be mailed to shareholders and filed with the applicable securities regulators and available on SEDAR at www.sedar.com on or around October 24, 2012. Shareholders should carefully read the Offer Documents in their entirety, once available, before making a decision whether or not to tender Shares to the Offer.

The Board of Directors of Danier, on recommendation of a Special Committee of independent directors, has authorized and approved the making of the Offer. Deloitte & Touche LLP ("**Deloitte**") was engaged by the Special Committee as the independent valuator to prepare a formal valuation of the Shares (the "**Valuation**"). The Valuation contains Deloitte's opinion that, based on the scope of its review and subject to the assumptions, restrictions and limitations provided therein, as of October 23, 2012, the fair market value per Share falls within the range of Cdn\$12.55 to Cdn\$13.30. A copy of the Deloitte Valuation will be attached to the Offer Documents.

Danier is making the Offer to provide a liquidity opportunity for shareholders and because, among other things, the Special Committee, the Board of Directors and senior management of Danier believe that the Shares have been trading in volumes that do not provide reasonable liquidity for shareholders and the Offer represents an appropriate use of a portion of Danier's cash on hand.

Neither the Corporation nor its Board of Directors or Special Committee makes any recommendation to shareholders as to whether to tender or refrain from tendering any or all of their Shares to the Offer or as to the purchase price or prices at which shareholders may choose to tender Shares. Shareholders are strongly urged to consult their own financial, tax and legal advisors and to make their own decisions whether to tender or refrain from tendering their Shares to the Offer and, if so, how many Shares to tender and at what price or prices.

GMP Securities L.P. has been retained to act as the Dealer Manager in connection with the Offer. Computershare Investor Services Inc. is acting as the Depositary under the Offer. Any questions or requests for assistance in tendering Shares to the Offer may be directed to the Dealer Manager or the Depositary:



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This press release is for information purposes only and is not an offer to buy or the solicitation of an offer to sell any Shares.

About Danier

Danier Leather Inc. is a leading integrated designer, manufacturer, and retailer of high-quality leather and suede clothing and accessories. The Corporation's merchandise is marketed exclusively under the well-known Danier brand name and is available at its 89 shopping mall, street-front, and power centre stores. Corporations and other organizations can obtain Danier products for use as incentives and promotions for employees, suppliers and customers through Canada Sportswear Corp. For more information about the Corporation and our products, visit www.danier.com.

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Forward-Looking Information

Note: This press release contains forward-looking information and forward-looking statements which reflect the current view of Danier with respect to the Corporation's objectives, plans, goals, strategies, future growth, results of operations, financial and operating performance and business prospects and opportunities. Wherever used, the words "may", "will", "anticipate", "intend", "estimate", "expect", "plan", "believe" and similar expressions identify forward-looking statements and forward-looking information. Forward-looking statements and forward-looking information should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether, or the times at which, such events, performance or results will be achieved. All of the statements in this press release containing forward-looking statements or forward-looking information are qualified by these cautionary statements.

Forward-looking statements and forward-looking information are based on information available at the time they are made, underlying estimates and assumptions made by management and management's good faith belief with respect to future events, performance and results, and are subject to inherent risks and uncertainties surrounding future expectations generally. Such risks and uncertainties include, but are not limited to, general economic conditions, consumer confidence, consumer debt levels and consumer spending, including a real or perceived slowdown in the general economy which can result in a reduction in consumer spending and can affect demand for the Corporation's products, risks associated with foreign supply, sourcing and manufacturing, including increasing leather prices and increasing constraints on foreign vendors' capacity, fashion and apparel and leather industry risks that can affect demand for the Corporation's products and inventory mark-downs, leather availability and prices, increased inflation and interest rates, unseasonably hot weather or severe or unusual weather, seasonality and fluctuations of quarterly results, foreign currency and interest rate fluctuations which can result in increased costs, competition including new competitors and expansion of current competitors, changes in consumer shopping patterns and demand, the ability of the Corporation to obtain new locations or renew or relocate existing locations on favourable lease terms or at all, events that impact the use of the Corporation's head office and distribution centre or equipment, the ability of the Corporation to attract and retain key executives and key employees, the ability of vendors to maintain, support and upgrade management information systems, performance of third party service providers and investees, inability to renew or access or obtain replacement credit facilities, higher utility and fuel prices which can result in increased costs, disruptions in the credit markets, changes or disruptions in the securities markets or the trading price or liquidity of the Corporation's Shares, the inability to complete the Offer within the timeline anticipated or at all, the satisfaction or waiver of the conditions to the Offer, the Offer not having the effects or benefits currently anticipated, the extent to which holders of Shares determine to tender their Shares to the Offer and the price or prices at which such Shares are tendered, the anticipated benefits of the Offer, the ability to successfully implement the Corporation's business strategy, financial, capital expenditure and operating budgets and activities, the ability to realize any anticipated cost savings, risks associated with international expansion (or lack thereof) and licensing and distributorship operations, potential legal proceedings, changes to the regulatory and economic environment in which the Corporation operates now and in the future, including changes in accounting policies and practices or pronouncements introduced by regulatory authorities, changes in the Corporation's tax liabilities, either through changes in tax laws or future assessments, decreases in sales from existing stores or any material disruption to the Corporation's operations, and war and acts of terrorism, among other things.

Danier cautions readers that this list of factors is not exhaustive and that should certain risks or uncertainties materialize, or should underlying estimates or assumptions prove incorrect, actual events, performance and results may vary significantly from those expected. There can be no assurance that the actual results, performance, events or activities anticipated by the Corporation will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Corporation. Potential investors and other readers are urged to consider these factors carefully in evaluating forward-looking information and forward-looking statements and are cautioned not to place undue reliance on any forward-looking information or forward-looking statements.

For additional information with respect to certain of these and other risks or uncertainties, reference should be made to Danier's continuous disclosure materials filed from time to time with the Canadian Securities Regulatory Authorities, including the Corporation's most recent annual information form, quarterly and annual reports and financial statements, and supplementary information, which are available on SEDAR at www.sedar.com and in the Investor Relations section of the Corporation's website at www.danier.com. Additional risks and uncertainties not presently known to the Corporation or that Danier currently believes to be less significant may also adversely affect the Corporation. Danier disclaims any intention or obligation to update or revise any forward-looking information or forward-looking statements, whether as a result of new information, future events or otherwise, except as required under applicable securities laws.