

DANIER

Listing: TSX
Symbol: DL

DANIER LEATHER FILES NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE BANKRUPTCY AND INSOLVENCY ACT

TORONTO, February 4, 2016 – **Danier Leather Inc. (TSX: DL)** (“**Danier**” or the “**Company**”) announced today that, with the authorization and approval of its board of directors (the “**Board**”), it has commenced insolvency proceedings by filing a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to the provisions of the *Bankruptcy and Insolvency Act (Canada)* (“**BIA**”). The principal purpose of the NOI filing is to create a stabilized environment for the Company and its financial advisors to run an orderly and flexible sale and investor process (“**SISP**”) with the goal of identifying one or more interested parties that wish to acquire or make an investment in the Company’s business or all or some of its assets or to liquidate the Company’s assets.

KSV Kofman Inc. has been appointed as the trustee under the NOI (the “**Proposal Trustee**”). In connection with the SISP, the Company has entered into an agency agreement with GA Retail Canada, ULC (“**GA Retail**”) to act as the stalking horse bid (the “**Stalking Horse Bid**”). The Stalking Horse Bid includes an agreement by GA Retail or an affiliate thereof, to liquidate the Company’s inventory and store furniture, equipment and fixtures if no superior offer emerges from the SISP. The Stalking Horse Bid effectively acts as a reserve bid and establishes a floor price against which other interested parties may submit competing offers for the Company’s business or some or all of its assets. In the coming days, the Company intends to seek an order from the Ontario Superior Court of Justice (the “**Court**”) approving the terms of the SISP and approving and accepting the Stalking Horse Bid for the purpose of conducting the SISP. The agency agreement with GA Retail is conditional on the Company receiving Court approval of the SISP and the Stalking Horse Bid. The Company’s objective is to complete the SISP by the end of February or early March 2016.

It is important to note that the Company is not bankrupt. The Company has sufficient resources to fund its operations during the SISP and its stores will remain open for business during that time, subject to any restructuring steps that the Company may take during the process.

Pursuant to the BIA, upon filing the NOI, there is an automatic stay of proceedings in respect of all creditor claims and actions against the Company that will protect the Company and its assets from the claims of creditors and others during the pendency of the proposal proceedings.

The decision to file the NOI was made by the Board in consultation with the Company's legal and financial advisors as a result of the Company’s ongoing financial difficulties after extensively exploring its restructuring and strategic alternatives. As previously disclosed, the Company has experienced significant net losses in each of its two most recently completed fiscal years and since that time the Company has continued to experience a consistent decline in its financial performance. Despite its cost reduction initiatives and efforts to effect an operational

turnaround plan, the Company continues to face declining financial performance and anticipates further operating losses in its current fiscal year.

Anyone interested in obtaining more information about the SISP should contact Danier's financial advisors, Consensus Advisory Services LLC and Consensus Securities LLC, as follows:

Michael O'Hara
CEO, Consensus
Tel: (617) 437-6510
Email: mohara@consensusadvisors.com

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All other inquiries regarding the NOI and the SISP should be directed to the Proposal Trustee at 416-932-6207. Court materials and other information about the proposal proceedings will be available on the Proposal Trustee's website at www.ksvadvisory.com.

There can be no assurance that the Company will be successful in its efforts under the SISP or that the Court will approve the SISP, the Stalking Horse Bid or any competing bid that may emerge from the SISP.

About Danier

Danier Leather Inc. is an integrated designer, manufacturer, distributor and retailer of high-quality fashion-oriented leather apparel and accessories. The Company's merchandise is marketed exclusively under the well-known Danier brand name and is available at its shopping mall, street-front and outlet stores as well as the online store at www.danier.com. For more information about the Company and its products, visit www.danier.com.

Forward-Looking Statements

This press release contains forward-looking information and forward-looking statements which reflect the current view of Danier with respect to the Company's objectives, plans, goals, strategies, financial condition, performance and prospects. 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, if any, 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, opinions and assumptions made by management and management's current good faith belief with respect to future strategies, prospects, 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, risks relating to any liquidation, sale or restructuring of the Company or its business or assets or the results

thereof, the Company's inability to achieve its objectives in the SISP, the receipt of Court approval of the SISP and the Stalking Horse Bid and any successful bid under the SISP, the Company's relationship with GA Retail and/or others seeking to acquire its business or assets as part of the SISP, the impact of the proceedings on the Company's creditors and other stakeholders, risks related to the timing and completion of the transactions and proceedings described herein (if at all), the realization amount resulting from any transaction, an inability to continue meeting TSX listing requirements and/or other adverse impacts on the trading or liquidity of the Company's securities on the TSX, uncertainties relating to the availability or costs of financing if required in the future, further decreases in sales and gross margins from existing stores, a decline in general economic conditions, consumer confidence, or consumer spending or increases in consumer debt levels, risks associated with foreign supply, sourcing and manufacturing, branding, merchandising, allocation, fashion and apparel and leather industry risks, the Company's inability to successfully implement its strategies and plans or financial, cost reduction or budgetary activities and initiatives, the Company being unable to generate the necessary cash flows and earnings to satisfy its obligations and pursue its objectives, changes in consumer shopping patterns or preferences, reliance of a few key members of management, increased write-downs or impairment changes on the Company's assets, changes or disruptions in the credit or securities markets, or any other material disruption to or decline in the Company's operations. For additional information with respect to these and other risks and uncertainties relating to Danier, reference should be made to Danier's most recent annual information form, quarterly and annual reports and financial statements and notes thereto, and supplementary information, which are available on SEDAR at www.sedar.com and in the Investor Relations section of the Company's website at www.danier.com. Additional risks and uncertainties not presently known to the Company or that Danier currently believes to be less significant may also adversely affect the Company.

Danier cautions readers that such factors and uncertainties are not exhaustive and that should certain risks or uncertainties materialize, or should underlying estimates or assumptions prove incorrect, actual strategies, prospects, events, performance and results may vary significantly from those expected. There can be no assurance that the actual strategies, prospects, results, performance, events or activities anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. 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. 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 by applicable laws.

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