UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED JANUARY 31, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NO. 000-25142

MITCHAM INDUSTRIES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

TEXAS	76-0210849
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
44000 HIGHWAY 75 SOUTH HUNTSVILLE, TEXAS	77340
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 936-291-2277

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

COMMON STOCK, $.01 PAR VALUE
(TITLE OF CLASS)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K. X

Aggregate market value of the voting stock held by non-affiliates of the registrant: $25,927,616 as of April 29, 2002.

As of April 29, 2002, there were outstanding 8,750,601 shares of the registrant's common stock, par value $.01, which is the only class of common or voting stock of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

The information called for by Part III of this Form 10-K is incorporated by reference from the registrant's Proxy Statement for the 2002 Annual Meeting of Shareholders of the Company to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this report.

MITCHAM INDUSTRIES, INC.
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PART I

ITEM 1. BUSINESS

Mitcham Industries, Inc. leases and sells geophysical and other equipment used primarily by seismic data acquisition contractors to perform seismic data surveys on land and in transition zones (marsh and shallow water areas). The Company conducts its operations on a worldwide basis and is a leading independent seismic equipment lessor in North and South America. Over the last several years advances in seismic technology have increased drilling success rates, thereby reducing the overall costs of finding oil and gas.

The Company owns a variety of technologically advanced equipment acquired from the leading seismic manufacturers. The Company's lease pool includes many types of equipment used in seismic data acquisition, including all components of land and transition zone seismic data acquisition systems, geophones and cables, earth vibrators, peripheral equipment, survey and other equipment. A substantial amount of the Company's equipment lease pool is provided by two manufacturers, the Sercel subsidiaries of Compagnie Generale de Geophysique (collectively, "Sercel") and Input/Output, Inc. ("I/O"). The Company believes that most of the advanced seismic data acquisition systems in use worldwide are either Sercel or I/O systems. In the last two years, the Company has significantly diversified its equipment lease pool to include a wider variety of seismic equipment. At January 31, 2002, approximately 39% of the Company's equipment lease pool, on a cost basis, consisted of seismic recording channel boxes, with the remainder consisting of peripheral and other equipment.

On January 28, 2002, the Company formed a wholly-owned subsidiary, Drilling Services, Inc. (DSI). DSI was formed to own and operate a fleet of seismic shot hole drills and to provide other services required by seismic data acquisition contractors. Such services offered by DSI include seismic survey program design, quality control, permit acquisition, geographical surveying and shot hole drilling. Taken together these services are commonly referred to as "front-end services" as they are required prior to the actual process of recording a seismic survey.

The Company leases its equipment on a short-term basis, generally for three to nine months, to seismic contractors who need additional capacity to complete a seismic survey. In doing so, the Company enables its customers to achieve operating and capital investment efficiencies. Demand for short-term seismic equipment leases is affected by many factors including: (i) the highly variable size and technological demands of individual seismic surveys, (ii) seasonal weather patterns and sporadic demand for seismic surveys in certain regions, (iii) rapidly changing technology and (iv) costs of seismic equipment. The Company believes these factors allow seismic contractors to use short-term seismic equipment leasing as a cost-effective alternative to purchasing additional equipment. The Company's equipment lease rates vary according to an item's expected useful life, utilization and initial cost.

A typical seismic crew uses a wide variety of equipment to perform seismic data acquisition surveys. The Company's customers may lease a small amount of equipment to expand an existing crew's capabilities or a complete seismic data acquisition system to equip an entire crew.

Certain of the Company's leases contain a purchase option, allowing the customer to apply a portion of the lease payments to the eventual purchase of the equipment. Additionally, the Company sells a broad range of used seismic equipment on a worldwide basis and, in certain markets, acts as a sales representative or distributor of new seismic equipment.

The Company has supply and exclusive lease referral agreements with several leading seismic equipment manufacturers, including Sercel and Pelton Company, Inc. ("Pelton"). The Company believes that these agreements provide it with certain competitive advantages. Under these agreements, the Company is the exclusive worldwide short-term leasing representative for certain products. An additional agreement exists with Sercel that allows the Company to act as sales representative or distributor for such manufacturer's products in selected markets. See "Key Supplier Agreements."

BUSINESS STRATEGY

The Company's business strategy is to meet the needs of users of seismic equipment through its leasing and front-end services. To accomplish this, the Company has identified the following major objectives:

- Provide a technologically advanced seismic equipment lease pool. The Company intends to maintain the size and diversity of its equipment lease pool. The Company believes that the availability of a large and diverse seismic equipment lease pool encourages seismic data acquisition contractors to lease, rather than purchase, such equipment, due to the capital and operating efficiencies provided by short-term leases.

- Continue to expand international operations. Historically, the Company's activities outside North America have consisted of equipment sales, with a limited amount of leasing activities. The Company believes that there are opportunities to expand its international leasing activities as its customers' operations grow in international markets. The Company receives referrals from Sercel and other manufacturers on a worldwide basis. The Company believes that its alliances with manufacturers provide opportunities to further penetrate international markets, where such manufacturers are well recognized and have well-developed business relationships.

- Develop and enhance alliances with major seismic equipment manufacturers. The Company's relationships with leading seismic equipment manufacturers allow it to expand its equipment lease pool on favorable terms. The Company believes such relationships improve its access to customers and provide a competitive advantage. The Company has exclusive short-term lease agreements with certain manufacturers and is seeking to develop additional arrangements.

- Pursue additional business development opportunities. The Company regularly evaluates opportunities to expand its business activities within the oil service industry, particularly in the seismic sector.

SEISMIC TECHNOLOGY AND THE INDUSTRY

Seismic surveys are a principal source of information used by oil and gas companies to identify geological conditions that are favorable for the accumulation of oil and gas and to evaluate the potential for successful drilling, development and production of oil and gas. Seismic technology has been used by the oil and gas industry since the 1920's and has advanced significantly with improvements in computing and electronic technologies. In recent years, the oil and gas industry has significantly expanded its use of 3-D seismic data which provides a more comprehensive subsurface image and is believed to have contributed to improved drilling success rates, particularly in mature oil and gas basins such as those in North America. Additionally, 2-D seismic data continues to be used in many areas where 3-D data acquisition is cost prohibitive or logistical access is limited.

Oil and gas exploration companies utilize seismic data generated from the use of digital seismic systems and peripheral equipment in determining optimal locations for drilling oil and gas wells, in the development of oil and gas reserves and in reservoir management for the production of oil and gas. A complete digital seismic data acquisition system generally consists of (i) a central electronics unit that records and stores digital data ("CEU"), (ii) seismic recording channel boxes that contain from one to eight seismic channels ("channel boxes"), (iii) geophones, or seismic sensors, (iv) energy sources including dynamite, compressed air guns or earth vibrators that create the necessary acoustic wave to be recorded, (v) cables that transmit digital seismic data from the channel boxes to the CEU, (vi) survey equipment, drilling equipment for shot holes and (vii) other peripheral, or accessory, equipment.

In seismic data acquisition, an acoustic wave is generated at or below the earth's surface through the discharge of compressed air, the detonation of small explosive charges or the use of vibrators. As the acoustic wave travels through the earth, it is reflected by the underlying rock layers and the reflected energy is captured by the geophones, which are sited at intervals along paths from the point of acoustical impulse. The resulting signals are then transmitted to the channel boxes, which convert the signals from analog to digital data and transmit this data via cable to the CEU. The CEU stores the seismic data on magnetic tape or disk for processing. The digital data is then input into a specialized seismic processing system that uses sophisticated computer software programs to enhance the recorded signal and produce an image of the subsurface strata. By interpreting seismic data, oil and gas exploration companies create detailed maps of exploration prospects and oil and gas reservoirs.

In the past, the 2-D seismic survey was the standard data acquisition technique used to map geologic formations over a broad area. 2-D seismic data can be visualized as a single vertical plane of subsurface information. Data gathered from a 3-D seismic survey is best visualized as a cube of information that can be sliced into numerous planes, providing different views of a geologic structure with much higher resolution than is available with traditional 2-D seismic survey techniques. 3-D seismic surveys require much larger data acquisition systems. By using a greater number of channels and flexible configuration, 3-D seismic data provides more extensive and detailed information regarding the subsurface geology than does 2-D data. As a result, 3-D data allows the geophysicists interpreting the data to more closely select the optimal location of a prospective drillsite or oil and gas reservoir.

In the exploration and development process, oil and gas companies establish requirements for seismic data acquisition programs based on their technical objectives. Because of the expense associated with drilling oil and gas wells, decisions whether or where to drill are critical to the overall process. Because 3-D seismic data increase drilling success rates and reduce costs, the Company believes that oil and gas companies are increasingly requiring 3-D seismic surveys in their activities. As a result of the increasing requirements for this higher resolution data, which in turn requires additional channels to collect and transmit the data, seismic data acquisition systems have been expanding in size during the past several years.

Recent industry advances include the use of high resolution 3-D, three-component geophones ("3D-3C"), which enhance the 3-D image, and time lapse ("4-D") seismic, where surveys are periodically reacquired to allow the monitoring of producing oil and gas field for optimal production and reserve recovery. These and other technical advances have contributed to increased drilling success rates and reduced oil and gas finding costs and consequently, have increased demand for seismic data acquisition equipment and services.

With the expanded use of seismic technology, particularly 3-D seismic, the size of data acquisition surveys has increased substantially in the past several years. Demand for higher resolution data, larger surveys and more rapid completion of such surveys is requiring seismic contractors to use data acquisition systems with a greater number of seismic recording channels. Additionally, in many areas, such as North America, the size of seismic surveys varies significantly, requiring frequent changes in the configuration of equipment and crews used for seismic surveys. As a result of these advances, seismic survey channel count has increased from smaller 2-D surveys, which typically averaged 120 channels, to larger 3-D surveys which today average approximately 2,000 channels and often use 5,000 or more channels. The Company believes that many seismic contractors will continue to meet changes in equipment needs by leasing incremental equipment to expand crew size as necessary, thereby reducing the substantial capital expenditures required to purchase such equipment.

BUSINESS AND OPERATIONS

SEISMIC EQUIPMENT LEASING. The Company typically purchases new and used seismic equipment for short-term (less than one year) lease to its customers, which primarily include seismic contractors. After the termination of the original equipment lease, the Company enters into additional short-term leases with other customers, leasing such equipment multiple times until the end of its useful life or its sale. The Company's equipment leasing services generally include the lease of the various components of seismic data acquisition systems and related equipment to meet a customer's job specifications. Such specifications frequently vary as to the number of required recording channels, geophones, energy sources (e.g., earth vibrators) and other equipment. The Company's customers generally lease seismic equipment to meet shortages of recording channels and related equipment for specific surveys.

The Company currently has an equipment lease pool comprising a total of approximately 48,300 seismic recording channels (each channel being capable of electronically converting seismic data from analog to digital format and transmitting the digital data), geophones and cables, earth vibrators, peripheral equipment and survey and other equipment. All of the Company's lease pool equipment is manufactured by leading seismic equipment manufacturers and is widely used in the seismic industry.

The Company's equipment leases generally have terms of three to nine months and are typically renewable on a month-to-month basis. The Company offers maintenance of its leased equipment during the lease term for malfunctions due to failure of material and parts and will provide replacement equipment as necessary. In addition, the Company provides telephone support services to answer its lease customers' questions.

The Company's equipment lease rates vary according to an item's expected useful life, utilization and initial cost. The lessee must also obtain and keep in force insurance for the replacement value of the equipment and a specified minimum amount of general liability and casualty insurance on the leased equipment during the term of the lease. Before equipment is delivered, the lessee must provide certification that the Company has been named an additional insured and loss payee on its policies. The lessee is responsible for all maintenance and repairs of leased equipment other than those arising from normal wear and tear. All taxes (other than U.S. federal income taxes) and assessments are the contractual obligation of the lessee. To the extent foreign taxes are not paid by the lessee, the relevant foreign taxing authority might seek to collect such taxes from the Company. To date, no such collection action has been taken against the Company.

A majority of the Company's revenues has historically come from North American operations, though in recent years, an increasing percentage of the Company's revenues has been generated from South American and European operations. Within North America, a significant portion of the Company's total revenues is attributable to Canadian operations. Management believes that the United States and Canada will continue to be the focal points of the Company's seismic equipment leasing operations for the foreseeable future, although the Company is pursuing an expanded presence in the United Kingdom, South and Central America and the Far East.

Historically, seismic equipment leasing has been susceptible to weather patterns in certain geographic regions. There is some seasonality to the Company's operations in Canada, where a significant percentage of the seismic survey activity usually occurs in the winter season, from October through March. During the months in which the weather is warmer, certain areas are not accessible to trucks, earth vibrators and other heavy equipment because of the unstable terrain. In the United States, most of the seismic survey work is not usually affected by weather. As a result of weather conditions, the Company attempts to manage its equipment lease pool to meet seasonal demands. Equipment leased in Canada during the winter months may be moved to the United States in the warmer months.

SEISMIC EQUIPMENT SALES. The Company's equipment sales business serves a diverse base of industry, governmental, university and research customers. The Company typically buys used equipment for resale and new equipment in response to specific customer orders. On occasion, the Company will also hold equipment of third parties and sell such equipment on consignment.

SEISMIC EQUIPMENT LEASE/PURCHASES. The Company's lease/purchase activities reflect the two components involved in lease/purchase option contracts. The lease revenue component represents the lease amounts paid under the lease/purchase contracts and the sales component represents the sales revenue and related cost associated with the customers' exercise of the purchase option.

SEISMIC EQUIPMENT COMMISSIONED SALES. Under the Sercel Sales Agreement discussed below, the Company receives sales commissions on all Sercel equipment and spare parts sold in Canada.

FRONT-END SERVICES. The Company through its wholly-owned subsidiary, DSI, provides front-end services to seismic data acquisition contractors. These services typically include seismic survey program design, quality control, permit acquisition, geographical surveying and shot hole drilling.

KEY SUPPLIER AGREEMENTS

THE SERCEL LEASE AGREEMENT

Effective December 16, 1999, the Company renewed its exclusive leasing arrangement with Sercel, a major manufacturer of 3-D seismic data acquisition equipment, by entering into a new Exclusive Equipment Lease Agreement (the "Sercel Lease Agreement").

Under the Agreement, the Company acts as Sercel's exclusive third-party worldwide short-term (for leases of a duration of less than one year) leasing representative and Sercel will refer to the Company all requests it receives to lease Sercel 3-D data acquisition equipment and other field equipment, through December 31, 2002. Except for the fact that Sercel may engage in short-term leasing directly to its customers and affiliates, Sercel may not recommend or suggest any competitor of the Company as a potential lessor of such data acquisition equipment.

The agreement is subject to termination by Sercel before December 31, 2002: (i) at any time upon (a) Sercel's reasonable belief that the Company has violated or intends to violate the Foreign Corrupt Practices Act of 1977, as amended, (b) the Company's refusal or inability to certify that it is in compliance with laws applicable to its activities, or (c) the Company's insolvency, voluntary or involuntary bankruptcy, assignment for the benefit of creditors or discontinuance as a going concern, and (ii) upon 90 days' prior written notice if the Company no longer employs Billy F. Mitcham, Jr. in a senior management capacity.

THE SERCEL SALES AGREEMENT

Through Mitcham Canada Ltd., the Company's wholly-owned subsidiary, the Company entered into the Commercial Representation Agreement (the "Sercel Sales Agreement") with Georex, Inc. ("Georex"), a wholly-owned subsidiary of Sercel, under which the Company is Sercel's designated sales representative in Canada for its seismic data acquisition and other field equipment, subject to termination by either party on 90 days' prior written notice. The agreement has been extended for an additional one-year period. Under the agreement, the Company is entitled to receive a commission on all Sercel equipment and spare parts sold in Canada.

The Company is prohibited from selling certain seismic equipment that competes with Sercel equipment during the term of the agreement and for six months thereafter, except that the Company may sell individual components that compete with components of Sercel equipment, such as I/O channel boxes and Pelton vibrator control electronics, as well as any seismic equipment previously used in its lease fleet.

The Sercel Sales Agreement is subject to termination by Georex upon (i) Georex's reasonable belief that the Company has violated or intends to violate the Foreign Corrupt Practices Act of 1977, as amended, (ii) the Company's refusal or inability to certify that it is in compliance with laws applicable to its activities or (iii) the Company's insolvency, voluntary or involuntary bankruptcy, assignment for the benefit of creditors or discontinuance as a going concern.

OTHER AGREEMENTS

In May 1996, the Company entered into an exclusive lease referral agreement (the "Pelton Agreement") with Pelton. The Company believes Pelton is the leading manufacturer and supplier of vibrator control electronics. The terms of the Pelton Agreement regarding exclusive lease referrals and favorable prices are substantially similar to those of the Sercel Lease Agreement. The Pelton Agreement is valid until terminated by either party upon three months prior written notice.

CUSTOMERS; SALES AND MARKETING

The Company's major lease customers are seismic data acquisition contractors and major and independent oil and gas companies. The Company typically has a small number of lease customers, the composition of which changes yearly as leases are negotiated and concluded and equipment needs vary. As of January 31, 2002, the Company had lease customers with 50 active leases of various lengths. Customers of the Company's used and new seismic equipment sales and service business include its lease customers, foreign governments, universities, engineering firms and research organizations worldwide.

The Company participates in both domestic and international trade shows and expositions to inform the oil and gas industry of its products and services. In addition to advertising in major geophysical trade journals, direct advertising in the form of a semi-annual listing of equipment offerings is mailed to over 1,000 oil and gas industry participants. The Company believes this mailing generates significant seismic equipment lease and sales revenues. In addition, the Company advertises its alliances with Sercel and Pelton in several major geophysical trade journals. The Company also maintains a web site on which it lists its seismic equipment for sale and lease.

The Company works with a network of representatives in several international markets, including Europe, the Far East, Russia and other former Soviet Union countries. These agents generate equipment sales and, to a lesser extent, equipment leasing business for the Company and are compensated on a commission basis. The Company also expends resources in the areas of customer service, product support and the maintenance of customer relationships. The Company also has an office in Calgary, Alberta, Canada from which it leases and sells seismic equipment.

COMPETITION

While the Company is aware of several companies that engage in seismic equipment leasing, competition has historically been fragmented and the Company's competitors have not had as extensive a seismic equipment lease pool as does the Company.

The Company competes for seismic equipment leases on the basis of (i) price and delivery, (ii) availability of both peripheral seismic equipment and complete data acquisition systems and (iii) length of lease term. The Company competes in the used equipment sales market with a broad base of seismic equipment owners, including major oil and gas exploration companies and seismic data acquisition contractors which use and eventually dispose of seismic equipment, many of which have substantially greater financial resources than the Company. The Company believes there is one competitor in the used seismic equipment sales business that generates comparable revenues from such sales, as well as numerous, smaller competitors who, in the aggregate, generate significant revenue from such sales.

SUPPLIERS

The Company has several suppliers of seismic equipment for its lease pool. The Company has historically acquired the majority of its seismic lease pool equipment from Sercel and I/O and acquires the majority of its vibrator control electronics from Pelton. The Company believes that Sercel and I/O manufacture most of the land-based seismic systems and equipment in use. Other suppliers of peripheral seismic equipment include OYO Geospace Corporation (geophones, cables and seismic cameras), Steward Cable (cables) and Mark Products (geophones and cables). From time to time, the Company purchases new and used peripheral seismic equipment from various other manufacturers. Management believes that its current relationships with its suppliers are satisfactory.

EMPLOYEES

As of January 31, 2002, the Company employed 77 people, none of whom is covered by a collective bargaining agreement. The Company considers its employee relations to be satisfactory.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Certain information contained in this Annual Report on Form 10-K (including statements contained in Part I, Item 1. "Business", Part I, Item 3. "Legal Proceedings" and in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations"), as well as other written and oral statements made or incorporated by reference from time to time by the Company and its representatives in other reports, filings with the Securities and Exchange Commission, press releases, conferences, or otherwise, may be deemed to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. This information includes, without limitation, statements concerning the Company's future financial position and results of operations; planned capital expenditures; business strategy and other plans for future operations; the future mix of revenues and business; commitments and contingent liabilities; and future demand for the Company's services and predicted improvement in energy industry and seismic service industry conditions. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. When used in this report, the words "anticipate," "believe," "estimate," "expect," "may," and similar expressions, as they relate to the Company and its management, identify forward-looking statements. The actual results of future events described in such forward-looking statements could differ materially from the results described in the forward-looking statements due to the risks and uncertainties set forth below and elsewhere within this Annual Report on Form 10-K.

RECOVERY OF DEMAND FOR LAND BASED SEISMIC DATA NOT ASSURED

Demand for the Company's services depends on the level of spending by oil and gas companies for exploration, production and development activities, as well as on the number of crews conducting land and transition zone seismic data acquisition worldwide, and especially in North America. Due to the significant decrease in world oil prices in 1998, demand for the Company's services both in Canada and worldwide declined dramatically in the fourth quarter of fiscal 1999 and remained at historically low levels since that time. Any future fluctuations in the price of oil and gas in response to relatively minor changes in the supply and demand for oil and gas will continue to have a major effect on exploration, production and development activities and thus, on the demand for the Company's services.

LOSS OF SIGNIFICANT CUSTOMERS WILL ADVERSELY AFFECT THE COMPANY

The Company typically leases and sells significant amounts of seismic equipment to a relatively small number of customers, the composition of which changes from year to year as leases are initiated and concluded and as customers' equipment needs vary. Therefore, at any one time, a large portion of the Company's revenues may be derived from a limited number of customers. In the fiscal years ended January 31, 2000, 2001 and 2002, the single largest customer accounted for approximately 17%, 21% and 22%, respectively, of the Company's total revenues. Because the Company's customer base is relatively small, the loss of one or more customers for any reason could adversely affect the Company's results of operations.

SIGNIFICANT DEFAULTS OF PAST-DUE CUSTOMER ACCOUNTS WOULD ADVERSELY AFFECT THE COMPANY'S RESULTS OF OPERATIONS

The Company had approximately $6.0 million of customer accounts and notes receivable at January 31, 2002, of which $2.0 million is over ninety days past due. At January 31, 2002, the Company has an allowance of $1.5 million to cover losses in its receivable balances. Significant payment defaults by its customers in excess of the allowance would have a material adverse effect on the Company's financial position and results of operations.

INTERNATIONAL ECONOMIC AND POLITICAL INSTABILITY COULD ADVERSELY AFFECT THE COMPANY'S RESULTS OF OPERATIONS

The Company's results of operations are dependent upon the current political and economic climate of several international countries in which its customers either operate or are located. International sources (including Canada) accounted for approximately 80% of the Company's revenues in the fiscal year ended January 31, 2002, and 32% of internationally-sourced revenues were attributable to lease and sales activities in South America. Since the majority of the Company's lease and sales contracts with its customers are denominated in U.S. dollars, there is little risk of loss from fluctuations in foreign currencies. However, the Company's internationally-sourced revenues are still subject to the risk of currency exchange controls (in which payment could not be made in U.S. dollars), taxation policies, and appropriation, as well as to political turmoil, civil disturbances, armed hostilities, and other hazards.

THE COMPANY MUST CONTINUALLY OBTAIN ADDITIONAL LEASE CONTRACTS

The Company's seismic equipment leases typically have a term of three to nine months and provide gross revenues that recover only a portion of the Company's capital investment. The Company's ability to generate lease revenues and profits is dependent on obtaining additional lease contracts after the termination of an original lease. However, lessees are under no obligation to, and frequently do not, continue to lease seismic equipment after the expiration of a lease. Although the Company has been successful in obtaining additional lease contracts with other lessees after the termination of the original leases, there can be no assurance that it will continue to do so. The Company's failure to obtain additional leases or extensions beyond the initial lease term would have a material adverse effect on its operations and financial condition.

DEPENDENCE ON KEY PERSONNEL

The Company's success is dependent on, among other things, the services of certain key personnel, including specifically Billy F. Mitcham, Jr., Chairman of the Board, President and Chief Executive Officer of the Company. Mr. Mitcham's employment agreement had an initial term through January 15, 2002, and is automatically extended on a year-to-year basis until terminated by either party giving 30 days notice prior to the end of the current term (subject to earlier termination on certain stated events). The agreement prohibits Mr. Mitcham from engaging in any business activities that are competitive with the Company's business and from diverting any of the Company's customers to a competitor for two years after the termination of his employment. The loss of the services of Mr. Mitcham could have a material adverse effect on the Company. In particular, the Exclusive Equipment Lease Agreement with Sercel is terminable at such time as he is no longer employed by the Company in a senior management capacity.

THE COMPANY'S SEISMIC LEASE POOL IS SUBJECT TO TECHNOLOGICAL OBSOLESCENCE

The Company has a substantial capital investment in seismic data acquisition equipment. The development by manufacturers of seismic equipment of newer technology systems or component parts that have significant competitive advantages over seismic systems and component parts now in use could have an adverse effect on the Company's ability to profitably lease and sell its existing seismic equipment. Significant improvements in technology may also require the Company to recognize an asset impairment charge to its lease pool investment, and to correspondingly invest significant sums to upgrade or replace its existing lease pool with newer-technology equipment demanded by its customers.

WEATHER CONDITIONS CAUSE SEASONAL RESULTS

The first and fourth quarters of the Company's fiscal year have historically accounted for a greater portion of the Company's revenues than do the second and third quarters of its fiscal year. This seasonality in revenues is primarily due to the increased seismic survey activity in Canada from October through March, which affects the Company due to its significant Canadian operations. This seasonal pattern may cause the Company's results of operations to vary significantly from quarter to quarter. Accordingly, period-to-period comparisons are not necessarily meaningful and should not be relied on as indicative of future results.

DISRUPTION IN SUPPLIER RELATIONSHIPS COULD ADVERSELY AFFECT THE COMPANY

The Company has and continues to rely on purchase agreements with Sercel. To a lesser extent, the Company also relies on its suppliers for lease referrals. The termination of these agreements for any reason could materially adversely affect the Company's business. Any difficulty in obtaining seismic equipment from suppliers could have a material adverse effect on the Company's business, financial condition and results of operations.

COMPETITION

Competition in the leasing of seismic equipment is fragmented, and the Company is aware of several companies that engage in seismic equipment leasing. The Company believes that its competitors, in general, do not have as extensive a seismic equipment lease pool as does the Company. The Company also believes that its competitors do not have similar exclusive lease referral agreements with suppliers. Competition exists to a lesser extent from seismic data acquisition contractors that may lease equipment that is temporarily idle.

The Company has several competitors engaged in seismic equipment leasing and sales, including seismic equipment manufacturers, companies providing seismic surveys and oil and gas exploration companies that use seismic equipment, many of which have substantially greater financial resources than the Company. There are also several smaller competitors who, in the aggregate, generate significant revenue from the sale of seismic survey equipment. Pressures from existing or new competitors could adversely affect the Company's business operations.

VOLATILE STOCK PRICES AND NO PAYMENT OF DIVIDENDS

Due to current energy industry conditions, energy and energy service company stock prices, including the Company's stock price, have been extremely volatile. Such stock price volatility could adversely affect the Company's business operations by, among other things, impeding its ability to attract and retain qualified personnel and to obtain additional financing if such financing is ever needed. The Company has historically not paid dividends on its common stock and does not anticipate paying dividends in the foreseeable future.

POSSIBLE ADVERSE EFFECT OF ANTI-TAKEOVER PROVISIONS; POTENTIAL ISSUANCE OF PREFERRED STOCK

Certain provisions of the Company's Articles of Incorporation and the Texas Business Corporation Act may tend to delay, defer or prevent a potential unsolicited offer or takeover attempt that is not approved by the Board of Directors but that the Company's shareholders might consider to be in their best interest, including an attempt that might result in shareholders receiving a premium over the market price for their shares. Because the Board of Directors is authorized to issue preferred stock with such preferences and rights as it determines, it may afford the holders of any series of preferred stock preferences, rights or voting powers superior to those of the holders of common stock. Although the Company has no shares of preferred stock outstanding and no present intention to issue any shares of its preferred stock, there can be no assurance that the Company will not do so in the future.

LIMITATION ON DIRECTORS' LIABILITY

The Company's Articles of Incorporation provide, as permitted by governing Texas law, that a director of the Company shall not be personally liable to the Company or its shareholders for monetary damages for breach of fiduciary duty as a director, with certain exceptions. These provisions may discourage shareholders from bringing suit against a director for breach of fiduciary duty and may reduce the likelihood of derivative litigation brought by shareholders on behalf of the Company against a director.

ITEM 2. PROPERTIES

The Company owns its corporate office and warehouse facilities in Huntsville, Texas. Its headquarters facility consists of 25,000 square feet of office and warehouse space on approximately six acres. The Company also leases approximately 31,000 square feet of office and warehouse space at its facility in Calgary, Alberta, Canada. The Company's U.S. subsidiary, DSI, leases approximately 21,000 square feet of office and warehouse space in Brookshire, Texas.

ITEM 3. LEGAL PROCEEDINGS

On or about April 23, 1998, several purported securities fraud class action lawsuits were filed against the Company, Billy F. Mitcham and Roberto Rios ("Defendants") in the U.S. District Court for the Southern District of Texas, Houston Division. On August 10, 2001, facing protracted and expensive litigation, Defendants executed a final settlement agreement with Plaintiffs for $2.7 million, paid by the Company and its insurance carrier. On December 10, 2001, the Court approved the settlement agreement, certified the class for settlement purposes only, and entered a Final Judgment and Order dismissing all the class action lawsuits with prejudice.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION FOR COMMON STOCK

The common stock is traded on the Nasdaq National Market under the symbol "MIND." The following table sets forth, for the periods indicated, the high and low sales prices as reported on the Nasdaq National Market.

	High	Low
Fiscal Year Ended January 31, 2001:		
First Quarter	$ 6.63	$ 3.44
Second Quarter	6.13	4.31
Third Quarter	7.50	4.38
Fourth Quarter	6.00	3.31
Fiscal Year Ended January 31, 2002:		
First Quarter	$ 7.25	$ 4.88
Second Quarter	8.15	4.88
Third Quarter	5.25	3.00
Fourth Quarter	5.19	4.05

As of April 26, 2002, there were approximately 500 stockholders of record of the common stock.

DIVIDEND POLICY

The Company has not paid any cash dividends on the common stock since its inception, and the Board of Directors does not contemplate the payment of cash dividends in the foreseeable future. It is the present policy of the Board of Directors to retain earnings, if any, for use in developing and expanding the Company's business. In the future, payment of dividends by the Company will also depend on the Company's financial condition, results of operations and such other factors as the Board of Directors may consider.

ITEM 6. SELECTED FINANCIAL DATA

(Amounts in thousands, except per share amounts)

Years Ended January 31, --- 1998 1999 2000 2001 2002 -------- -------- -------- -------- -------- Net sales and other revenues $ 42,027 $ 37,936 $ 10,644 $ 20,597 $ 27,183 Income (loss) from continuing operations 6,392 (8,526) (4,864) (2,946) (8,457) Income (loss) from continuing operations per common share - diluted 0.83 (0.90) (0.51) (0.32) (0.95) Cash dividends declared per common share -- -- -- -- -- Balance Sheet Data: Cash and marketable securities 32,507 19,860 17,399 11,402 8,244 Seismic equipment lease pool, property and equipment, cost basis 50,994 65,116 74,537 91,435 90,381 Total assets 91,562 67,174 67,705 72,561 58,795 Long-term obligations and redeemable preferred stock 2,294 -- -- 5,444 4,079 Total liabilities

17,326 2,422
7,430 18,573
16,192 Total
shareholders'
equity
74,236
64,752
60,275
53,988
42,603

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

OVERVIEW

The Company's sales are directly related to the level of worldwide oil and gas exploration activities and the profitability and cash flows of oil and gas companies and seismic contractors, which in turn are affected by expectations regarding the supply and demand for oil and natural gas, energy prices and finding and development costs. The Company believes that during the latter half of 1998, the exploration and production companies anticipated an extended period of low oil and gas prices and began to reduce their intended levels of expenditures for seismic data. Consolidation within the oil industry has also delayed seismic data acquisition projects. Declines in oil and natural gas prices, or expectations that the recent improvement in oil and natural gas prices will not hold, could cause the Company's customers to alter their spending plans and adversely affect the Company's results of operation and financial condition.

The Company leases and sells seismic data acquisition equipment primarily to seismic data acquisition companies and oil and gas companies conducting land and transition zone seismic surveys worldwide. The Company provides short-term leasing of seismic equipment to meet a customer's requirements and offers maintenance and support during the lease term. The majority of all leases at January 31, 2002 were for a term of one year or less. Seismic equipment held for lease is carried at cost, net of accumulated depreciation.

For the years ended January 31, 2000, 2001 and 2002, revenues from foreign customers totaled $7.5 million, $19.1 million and $21.7 million, respectively. The majority of the Company's transactions with foreign customers are denominated in United States dollars.

SEASONALITY

Historically, seismic equipment leasing has been susceptible to weather patterns in certain geographic regions. There is some seasonality to the Company's expected lease revenues, especially from customers operating in Canada, where a significant percentage of seismic survey activity occurs in the winter months, from October through March. During the months in which the weather is warmer, certain areas are not accessible to trucks, earth vibrators and other equipment because of the unstable terrain. This seasonal leasing activity by the Company's Canadian customers has historically resulted in increased lease revenues in the Company's first and fourth fiscal quarters. However, due to the significant decrease in world oil prices in 1998, demand for the Company's services both in Canada and worldwide declined dramatically in the fourth quarter of fiscal 1999 and remained at historically low levels since that time.

RESULTS OF OPERATIONS

Revenues for fiscal 2002 were $27.2 million, reflecting a $6.6 million increase over fiscal 2001 revenues of $20.6 million. During fiscal 2002, the Company experienced a greater demand for equipment leasing, primarily in South America and the U.S. Fiscal 2001 revenues were $20.6 million, a $10.0 million increase over fiscal 2000 revenues of $10.6 million. During fiscal 2001, the Company experienced a greater demand for equipment leasing from its customers, primarily in response to the higher level of commodity prices. Fiscal 2000 revenues were approximately $10.6 million, a reflection of the significant downturn in the seismic sector that began during fiscal 1999. Seismic equipment sales for fiscal 2002 were $7.2 million as compared to $6.6 million and $3.9 million for fiscal 2001 and 2000, respectively. The fiscal 2001 increase in equipment sales of $2.6 million over the fiscal 2000 amount is largely attributable to increased demand for seismic equipment as a result of the higher commodity prices during the year. The low level of equipment sales activity during fiscal 2000 is a result of decreased capital expenditure budgets throughout the oil and gas industry coupled with a three-year trend of fewer customers exercising the purchase option of lease/purchase contracts.

During fiscal 2002, the Company recorded depreciation expense in the amount of $16.0 million. This amount reflects an increase of $2.9 million, or 22%, above the fiscal 2001 amount. Depreciation expense for fiscal 2001 was approximately $13.1 million, representing an increase of $3.3 million, or 33%, above the fiscal 2000 amount. The increase in depreciation expense during fiscal 2002 is primarily a result of the Company's replacement of older, fully depreciated seismic equipment with new, state of the art technology. The fiscal 2001 increase in depreciation expense is a result of the Company adding $27.7 million, on a cost basis, to the seismic equipment lease pool. Depreciation expense for fiscal 2000 was $9.8 million. The fiscal 2000 reduction in depreciation expense from the prior year is largely attributable to the $15.1 million asset impairment charge recorded in fiscal 1999, partially offset by the $12.3 million increase, on a cost basis, in the Company's seismic equipment lease pool during fiscal 2000.

For fiscal 2002, the Company's direct costs of leasing totaled approximately $2.2 million, for an increase of $450,000 over the fiscal 2001 amount. This increase is a result of the significant increase in equipment leasing activity during the year. Fiscal 2001 direct costs were $1.8 million, an increase of approximately $400,000 from fiscal 2000 amounts, reflecting the significant increase in leasing activities during fiscal 2001. Direct costs typically increase with leasing revenues, as the two main components of direct costs are freight and equipment repairs. Direct costs for fiscal 2000 were $1.4 million, reflecting the lower level of equipment leasing during that period.

Gross margins on equipment sales were 31%, 21% and 41% for fiscal years 2002, 2001 and 2000, respectively. Gross margins on equipment sales may vary significantly between periods due to the mix of newly added seismic equipment to the lease pool versus older, more depreciated seismic equipment being sold. Additionally, gross margins on equipment sales will vary based on the level of lease/purchase contracts being exercised during the year.

For the fiscal year ended January 31, 2002, the Company's general and administrative expenses totaled approximately $4.4 million, or $.2 million above those of fiscal 2001. This increase is primarily due to an increase in insurance, professional fees and debt acquisition costs, partially offset by a decrease in travel, rent and customer relation expenses. General and administrative expenses increased approximately $0.3 million in fiscal 2001 as compared to fiscal 2000 expense of $3.9 million. The fiscal 2001 increase in general and administrative expenses is due to an increase in rent and storage fees associated with the new facility in Calgary, as well as an increase in insurance, customer relations, travel and compensation expenses partially offset by a decrease in professional fees and convention and advertising expenses. Additionally, during fiscal 2001, the Company incurred personnel and related costs associated with international marketing efforts. General and administrative expenses totaled $3.9 million for fiscal 2000.

The Company's provision for doubtful accounts in fiscal 2002 was approximately $5.1 million, for a substantial increase over the fiscal 2001 amount of $225,000. As of January 31, 2002, the Company has reserved or written off approximately $5.0 million in trade and note receivables related to three customers who advised the Company they were ceasing operations and did not have the resources to pay their outstanding obligations to the Company. The Company is pursuing collection efforts from these customers, but the magnitude and likelihood of any possible recovery is not quantifiable at this time. During fiscal 2001, the Company's provision for doubtful accounts was $225,000, reflecting a decrease of $350,000 from fiscal 2000. The decrease in fiscal 2001 is attributable to the Company's improvement in its receivables aging and the Company's collecting approximately $400,000 of receivables previously written off. During fiscal 2001, the Company wrote off approximately $289,000 of receivables deemed uncollectible. For fiscal 2000, the Company's provision for doubtful accounts was $575,000. At January 31, 2002 and 2001, the Company had past due trade accounts and note receivables in the approximate amount of $2.0 million and $.9 million, respectively. As of January 31, 2001 and 2000, the Company's allowance for doubtful accounts and notes receivable amounted to $1,454,000 and $1,230,000, respectively.

For fiscal 2002, the Company recorded a net loss in the amount of $8.5 million, as compared to the fiscal 2001 net loss of $2.9 million. The primary factors behind the fiscal 2002 net loss were the bad debt provision and valuation allowance for the Company's deferred tax assets, as discussed more fully in the notes to the financial statements. The net loss for fiscal 2000 was $4.9 million.

LIQUIDITY AND CAPITAL RESOURCES

As of January 31, 2002, the Company had net working capital of approximately $.8 million as compared to net working capital of $8.8 million at January 31, 2001. Historically, the Company's principal liquidity requirements and uses of cash have been for capital expenditures and working capital and principal sources of cash have been cash flows from operations and issuances of equity securities. Net cash provided by operating activities for the year ended January 31, 2002 was $12.3 million, as compared to $13.3 million and $8.0 million for the years ended January 31, 2001 and 2000, respectively. Net cash used in financing activities for the year ended January 31, 2002 was $2.0 million, compared to net cash provided by financing activities for the years ended January 31, 2001 and 2000 of $4.2 million and $0, respectively.

At January 31, 2002, the Company had trade accounts and notes receivable of $2.0 million that were more than 90 days past due, as compared to $.9 million at January 31, 2001. During fiscal 2002, the Company wrote off approximately $4.7 million of accounts and notes receivable that were more than 90 days past due. As of January 31, 2002, the Company's allowance for doubtful accounts was approximately $1.5 million, which management believes is sufficient to cover any losses in its trade accounts receivable and notes receivable.

On November 10, 2000, the Company closed an $8.5 million term loan with First Victoria National Bank. The loan amortizes over 48 months and bears interest at the rate of prime plus one-half percent, adjusted daily. The first three monthly payments were interest only, with the remaining 45 monthly payments being interest and principal in the approximate amount of $229,000. Subsequent to year-end, the Company renegotiated its term loan and borrowed an additional $2.0 million. Beginning in March 2002, the 48 monthly payments of principal and interest will be approximately $197,000. The loan is collateralized by the lease pool equipment purchased for the Company's fiscal 2001 winter capital expenditure program. Additionally, during fiscal 2002 the Company borrowed $75,000 under a separate loan agreement in connection with its acquisition of assets related to the formation DSI. This term loan matures in December 2002, bears interest at the rate of prime minus one percent, and requires quarterly repayments in the approximate amount of $19,000.

Capital expenditures for the 2002 fiscal year totaled approximately $18.0 million as compared to capital expenditures of $27.7 million for fiscal 2001. During fiscal 2002, the Company repurchased 290,900 shares of its common stock for an aggregate cost of $1.5 million, or an average cost of $5.07 per share. At the present time, management believes that cash on hand and cash provided by future operations will be sufficient to fund its anticipated capital and liquidity needs over the next twelve months. However, should demand warrant, the Company may pursue additional borrowings to fund capital expenditures.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates to the extent that transactions are not denominated in U.S. dollars. The Company typically denominates the majority of its lease and sales contracts in U.S. dollars to mitigate the exposure to fluctuations in foreign currencies.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item appears at pages F-1 through F-23 hereof and incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding directors and executive officers of the Company will be set forth in the proxy statement for the 2002 Annual Meeting of Shareholders under the heading "Election of Directors," and is incorporated herein by reference. Information regarding compliance by the officers, directors and control persons of the Company with Section 16(a) of the Securities Exchange Act of 1934 will be set forth in the Company's proxy statement for the 2002 Annual Meeting of Shareholders under the heading "Other Matters-Compliance with Section 16(a) of the Exchange Act," and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation will be set forth in the Company's proxy statement for the 2002 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management and related stockholder matters will be set forth in the Company's proxy statement for the 2002 Annual Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain relationships and related transactions will be set forth in the Company's proxy statement for the 2002 Annual Meeting of Shareholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) EXHIBITS

Exhibit Number		
3.1	--	Amended and Restated Articles of Incorporation of Mitcham Industries, Inc. (1) (Exhibit 3.1)
3.2	--	Amended and Restated Bylaws of Mitcham Industries, Inc. (1) (Exhibit 3.2)
9	--	Voting Agreement, dated September 20, 1993, between the Company, Billy F. Mitcham, Jr. and certain shareholders (2) (Exhibit 9)
* 10.1	--	Employment Agreement, dated January 15, 1997, between the Company and Billy F. Mitcham, Jr. (3) (Exhibit 10.4)
10.2	--	Exclusive Lease Referral Agreement, dated May 14, 1996, between the Company and Pelton Company, Inc. (4) (Exhibit 10.1)
10.3	--	First Amendment to the Exclusive Lease Referral Agreement, dated January 1997, between the Company and Pelton (5) (Exhibit 10.17)
10.4	--	Second Amendment to the Exclusive Lease Referral Agreement between Mitcham Industries, Inc. and Pelton Company, Inc., dated November 24, 1997 (5) (Exhibit 10.3)
10.5	--	Exclusive Equipment Lease Agreement, effective December 16, 1999, between the Company and SERCEL, S.A. (7) (Exhibit 10.2)
10.6	--	Commercial Representation Agreement, effective September 20, 1996, between Mitcham Canada Ltd., an Alberta corporation, and Georex, Inc. (4) (Exhibit 10.3)
10.7	--	Amendment No. 1 to the Commercial Representation Agreement between Mitcham Canada, Ltd. and Georex, Inc., dated November 11, 1997 (5) (Exhibit 10.1)
10.8	--	Exclusive Lease Representative and Distributor Agreement between Mitcham Industries, Inc. and StrucTec Systems, Inc., dated October 30, 1997 (5) (Exhibit 10.2)
* 10.9	--	Mitcham Industries, Inc. 1994 Stock Option Plan (2) (Exhibit 10.9)
10.10	--	Mitcham Industries, Inc. 1994 Non-Employee Director Stock Option Plan (2) (Exhibit 10.12)
* 10.12	--	Mitcham Industries, Inc. 1998 Stock Awards Plan (6) (Exhibit A)
* 10.13	--	Mitcham Industries, Inc. 2000 Stock Option Plan (8) (Exhibit A)
10.14	--	Warrant, dated July 18, 2001, issued to Bear Ridge Capital, L.L.C.
21	--	Subsidiaries of the Company
23	--	Consent of Hein + Associates LLP

* Management contract or compensatory plan or arrangement

(1) Incorporated by reference to the indicated exhibit number of the Company's Registration Statement on Form S-8 (File No. 333-67208), filed with the SEC on September 9, 2001.

(2) Incorporated by reference to the indicated exhibit number of the Company's Registration Statement on Form SB-2, filed with the SEC on July 5, 1994.

(3) Incorporated by reference to the indicated exhibit number of the Company's Registration Statement on Form S-1 (File No. 333-19997), filed with the SEC on January 17, 1997.

(4) Incorporated by reference to the indicated exhibit number of the Company's Registration Statement on Form S-3 (File No. 333-10555), filed with the SEC on October 30, 1996.

(5) Incorporated by reference to the indicated exhibit number of the Company's Registration Statement on Form S-3 (File No. 333-40507), filed with the SEC on November 18, 1997.

(6) Incorporated by reference to Exhibit A of the Company's proxy statement for the fiscal year ended January 31, 1998.

(7) Incorporated by reference to Exhibit 10 of the Company's Current Report on Form 8-K filed with the SEC on January 4, 2000.

(8) Incorporated by reference to Exhibit A of the Company's proxy statement for the fiscal year ended January 31, 2000.

(b) REPORTS ON FORM 8-K

None.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, ON THE 1ST DAY OF MAY, 2002.

MITCHAM INDUSTRIES, INC.

By: /s/ BILLY F. MITCHAM, JR.

Billy F. Mitcham, Jr., Chairman of the Board, President and Chief Executive Officer (principal executive officer)

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED.

Signature
Title/Capacity
Date --------
- -----------
--- ---- /s/
BILLY F.
MITCHAM, JR.
Chairman of
the Board,
May 1, 2002 -

President and
Chief Billy
F. Mitcham,
Jr. Executive
Officer /s/
P. BLAKE
DUPUIS
Executive
Vice
President -
May 1, 2002 -

Finance,
Secretary, P.
Blake Dupuis
Treasurer and
Director
(principal
financial
officer) /s/
WILLIAM J.
SHEPPARD
Executive
Vice
President -
May 1, 2002 -

International
Operations
William J.
Sheppard and
Director /s/
CHRISTOPHER
C. SIFFERT

Vice
President and
May 1, 2002 -

Corporate
Controller
Christopher
C. Siffert
(principal
accounting
officer)

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders
Mitcham Industries, Inc.
Huntsville, Texas

We have audited the accompanying consolidated balance sheets of Mitcham Industries, Inc. and Subsidiaries as of January 31, 2001 and 2002, and the related consolidated statements of operations, changes in shareholders' equity and comprehensive income and cash flows for each of the years in the three-year period ended January 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mitcham Industries, Inc. and Subsidiaries as of January 31, 2001 and 2002, and the results of their operations and their cash flows for each of the years in the three-year period ended January 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

/s/ HEIN + ASSOCIATES LLP
HEIN + ASSOCIATES LLP

Houston, Texas
April 18, 2002

MITCHAM INDUSTRIES, INC.

CONSOLIDATED BALANCE SHEETS

	JANUARY 31, 2001	JANUARY 31, 2002
ASSETS		
Current assets:		
Cash	$ 4,317,000	$ 8,244,000
Marketable securities, at market	7,085,000	--
Accounts receivable, net of allowance for doubtful accounts of $1,230,000 and $1,454,000 at January 31, 2001 and 2002, respectively	5,742,000	3,431,000
Notes receivable	1,470,000	851,000
Prepaid expenses and other current assets	458,000	407,000
Income taxes receivable	787,000	--
Deferred tax asset	2,067,000	--
Total current assets	21,926,000	12,933,000
Seismic equipment lease pool, property and equipment	91,435,000	90,381,000
Accumulated depreciation of seismic equipment lease pool, property and equipment	(42,380,000)	(44,814,000)
Notes receivable	610,000	

275,000
Deferred tax
asset
646,000 --
Other assets
324,000
20,000 -----
------- ----

Total assets
$ 72,561,000
$ 58,795,000
============
============
LIABILITIES
AND
SHAREHOLDERS'
EQUITY
Current
liabilities:
Accounts
payable $
8,259,000 $
8,659,000
Current
maturities -
long-term
debt
1,856,000
2,515,000
Deferred
revenue
947,000
314,000
Accrued
lawsuit
settlement
liability
1,202,000 --
Accrued
expenses and
other
current
liabilities
865,000
625,000 ----
-------- ---

Total
current
liabilities
13,129,000
12,113,000
Long-term
debt
5,444,000
4,079,000 --
---------- -

Total
liabilities
18,573,000
16,192,000
Commitments
and
contingencies
(Note 12)
Shareholders'
equity:
Preferred
stock, $1.00
par value;
1,000,000
shares
authorized;
none issued
and
outstanding
-- -- Common
stock, $.01
par value;

20,000,000
shares
authorized;
9,591,112
and
9,657,801
shares,
respectively,
issued
96,000
97,000
Additional
paid-in
capital
61,601,000
61,814,000
Treasury
stock, at
cost
(3,195,000)
(4,671,000)
Accumulated
deficit
(3,566,000)
(12,023,000)
Accumulated
other
comprehensive
loss
(948,000)
(2,614,000)

Total
shareholders'
equity
53,988,000
42,603,000 -

Total
liabilities
and
shareholders'
equity $
72,561,000 $
58,795,000
============
============

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

MITCHAM INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	YEARS ENDED JANUARY 31,		
	2000	2001	2002
Revenues:			
Equipment leasing	$ 6,751,000	$ 14,009,000	$ 19,994,000
Equipment sales and other	3,893,000	6,588,000	7,189,000
Total revenues	10,644,000	20,597,000	27,183,000
Costs and expenses:			
Direct costs	1,378,000	1,789,000	2,239,000
Cost of other equipment sales	2,286,000	5,183,000	4,993,000
General and administrative	3,891,000	4,199,000	4,374,000
Provision for doubtful accounts	575,000	225,000	5,065,000
Depreciation	9,847,000	13,123,000	16,015,000
Total costs and expenses	17,977,000	24,519,000	32,686,000
Operating loss			

(7,333,000)
(3,922,000)
(5,503,000)
Other income
(expense):
Interest
income (net
of interest
expense of
approximately
$31,000,
$82,000 and
$562,000,
respectively)
675,000
559,000
(231,000)
Other, net
(5,000)
(1,092,000)
2,000 -------
----- -------
----- -------
----- Total
other income
(expense)
670,000
(533,000)
(229,000) ---
--------- ---
--------- ---

Loss before
income taxes
(6,663,000)
(4,455,000)
(5,732,000)
Provision
(benefit) for
income taxes
(1,799,000)
(1,509,000)
2,725,000 ---
--------- ---
--------- ---
--------- Net
loss $
(4,864,000) $
(2,946,000) $
(8,457,000)
============
============
============
Loss per
common share:
Basic $
(0.51) $
(0.32) $
(0.95)
Diluted $
(0.51) $
(0.32) $
(0.95) Shares
used in
computing
loss per
common share:
Basic
9,550,000
9,167,000
8,870,000
Dilutive
effect of
common stock
equivalents -
- -- -- -----
------- -----
------- -----

Diluted
9,550,000

9,167,000
8,870,000
============
============
============

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

MITCHAM INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
AND COMPREHENSIVE INCOME
YEARS ENDED JANUARY 31, 2000, 2001 AND 2002

RETAINED
COMMON STOCK
ADDITIONAL
EARNINGS ---

-- PAID-IN
TREASURY
(ACCUMULATED
SHARES
AMOUNT
CAPITAL
STOCK
DEFICIT) ---
--------- --
---------- -

Balances,
January 31,
1999
9,546,000 $
95,000 $
61,459,000 $
-- $
4,244,000
Comprehensive
loss: Net
loss -- -- -
- --
(4,864,000)
Foreign
currency
translation
-- -- -- --
--
Comprehensive
loss
Issuance of
common stock
upon
exercise of
warrants and
options
5,000 1,000
-- -- -- ---
--------- --
---------- -

Balances,
January 31,
2000
9,551,000
96,000
61,459,000 -
- (620,000)
Comprehensive
loss: Net
loss -- -- -
- --
(2,946,000)
Foreign
currency
translation
-- -- -- --
--
Comprehensive
loss

Issuance of
common stock
upon
exercise of
warrants and
options
40,000 --
142,000 -- -
-
Acquisition
of treasury
stock -- --
--
(3,195,000)
-- ---------
--- --------
---- -------
----- ------
------ -----

Balances,
January 31,
2001
9,591,000
96,000
61,601,000
(3,195,000)
(3,566,000)
Comprehensive
loss: Net
loss -- -- -
- --
(8,457,000)
Foreign
currency
translation
-- -- -- --
--
Comprehensive
loss
Issuance of
common stock
upon
exercise of
warrants and
options
67,000 1,000
213,000 -- -
-
Acquisition
of treasury
stock -- --
--
(1,476,000)
-- ---------
--- --------
---- -------
----- ------
------ -----

Balances,
January 31,
2002
9,658,000 $
97,000 $
61,814,000 $
(4,671,000)
$(12,023,000)
============
============
============
============
============
ACCUMULATED
OTHER
COMPREHENSIVE
INCOME
(LOSS) TOTAL

- ----------
-- Balances,

January 31,
1999 $
(1,046,000)
$ 64,752,000
Comprehensive
loss: Net
loss --
(4,864,000)
Foreign
currency
translation
386,000
386,000 ----

Comprehensive
loss
(4,478,000)

Issuance of
common stock
upon
exercise of
warrants and
options --
1,000 ------
------ -----

Balances,
January 31,
2000
(660,000)
60,275,000
Comprehensive
loss: Net
loss --
(2,946,000)
Foreign
currency
translation
(288,000)
(288,000) --

Comprehensive
loss
(3,234,000)

Issuance of
common stock
upon
exercise of
warrants and
options --
142,000
Acquisition
of treasury
stock --
(3,195,000)

Balances,
January 31,
2001
(948,000)
53,988,000
Comprehensive
loss: Net
loss --
(8,457,000)
Foreign
currency
translation
(1,666,000)
(1,666,000)

Comprehensive
loss
(10,123,000)

Issuance of
common stock
upon

exercise of
warrants and
options --
214,000
Acquisition
of treasury
stock --
(1,476,000)

Balances,
January 31,
2002 $
(2,614,000)
$ 42,603,000
============
============

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

MITCHAM INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED JANUARY 31,		
	2000	2001	2002
Cash flows from operating activities:			
Net loss	$ (4,864,000)	$ (2,946,000)	$ (8,457,000)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	9,847,000	13,123,000	16,015,000
Provision for doubtful accounts, net of chargeoffs	(782,000)	(63,000)	224,000
Deferred income taxes	1,803,000	(4,000)	2,713,000
Changes in:			
Trade accounts receivable	228,000	(1,838,000)	2,729,000
Federal income taxes, current	(3,613,000)	2,008,000	787,000
Accounts payable, accrued expenses and other current liabilities	5,418,000	3,631,000	(2,139,000)
Other, net			

(87,000)
(586,000)
397,000 ---
--------- -

- Net cash
provided by
operating
activities
7,950,000
13,325,000
12,269,000

- ---------
--- -------
----- Cash
flows from
investing
activities:
Purchases
of seismic
equipment
held for
lease
(12,115,000)
(27,482,000)
(16,442,000)
Purchases
of property
and
equipment
(207,000)
(229,000)
(1,579,000)
Sale of
marketable
securities
3,524,000
6,726,000
7,085,000
Disposal of
lease pool
equipment
1,911,000
4,142,000
4,562,000 -

- ---------
--- Net
cash used
in
investing
activities
(6,887,000)
(16,843,000)
(6,374,000)

- ---------
--- -------
----- Cash
flows from
financing
activities:
Proceeds
from short-
term
borrowings
--
1,856,000
75,000
Proceeds
from long-
term debt -
- 5,444,000
1,200,000
Payments on
short-term
borrowings
-- --

(1,981,000)
Purchase of
common
stock for
treasury --
(3,195,000)
(1,476,000)
Proceeds
from
issuance of
common
stock upon
exercise of
warrants
and options
-- 142,000
214,000 ---
--------- -

- Net cash
provided by
(used in)
financing
activities
--
4,247,000
(1,968,000)

- ---------
--- -------
----- Net
increase in
cash
1,063,000
729,000
3,927,000
Cash,
beginning
of year
2,525,000
3,588,000
4,317,000 -

- ---------
--- Cash,
end of year
$ 3,588,000
$ 4,317,000
$ 8,244,000
============
============
============

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED
FINANCIAL STATEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Mitcham Industries, Inc. (the "Company") is a Texas corporation formed on January 29, 1987. The Company and its wholly-owned Canadian subsidiary provide full-service equipment leasing, sales and services to the seismic industry worldwide, primarily in North and South America. Through its wholly-owned U.S. subsidiary, Drilling Services, Inc. ("DSI"), the Company provides seismic survey program design, quality control, permit acquisition, geographical surveying and shot hole drilling, all commonly referred to as "front-end services". All intercompany transactions and balances have been eliminated in consolidation.

Description of Leasing Arrangements - The Company leases various types of seismic equipment to seismic data acquisition companies. The majority of leases at January 31, 2001 and 2002 are for one year or less. Lease revenue is recognized ratably over the term of the lease.

Lease/Purchase Activities - The Company periodically leases equipment to customers, allowing them the option to purchase the equipment at a pre-determined price any time during the lease term. The Company allows its customers to credit a portion of the monthly lease payments to the purchase price. Monthly lease revenue is recognized over the term of the lease until the election to purchase is exercised, at which time the Company records the sale. Lease revenue is deferred to the extent that the estimated net book value, at the end of the lease term, exceeds the adjusted purchase price.

Marketable Securities - Marketable securities to be held to maturity are stated at amortized cost. Marketable securities classified as available-for-sale are stated at market value, with unrealized gains and losses reported as a separate component of shareholders' equity, net of deferred income taxes. If a decline in market value is determined to be other than temporary, any such loss is charged to earnings. Trading securities are stated at fair value, with unrealized gains and losses recognized in earnings. The Company records the purchases and sales of marketable securities and records realized gains and losses on the trade date. Realized gains or losses on the sale of securities are recognized on the specific identification method.

As of January 31, 2001, all investments consisted of certificates of deposit or government securities. Also, as of January 31, 2001, the securities were classified as available-for-sale, and market value was approximately equal to the original cost.

Seismic Equipment Lease Pool - Seismic equipment held for lease consists primarily of remote signal conditioners (channel boxes) and peripheral equipment and is carried at cost,

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

net of accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the equipment, which is five years for channel boxes and 2 - 10 years for other peripheral equipment.

SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of, sets forth guidance as to when to recognize an impairment of long-lived assets and how to measure such impairment. The standard requires certain assets to be reviewed for impairment whenever events or circumstances indicate the carrying amount may not be recoverable. In October 2001, the FASB approved SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS 144 replaces SFAS 121. SFAS 144 requires that long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. The provisions of SFAS 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001 and, generally, are to be applied prospectively. Upon adoption, the Company does not believe this statement will have any effect on the financial position or results of operations.

Property and Equipment - Property and equipment is carried at cost, net of accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the property and equipment. The estimated useful lives of equipment range from three to seven years. Buildings are depreciated over 40 years and property improvements over 10 years.

Income Taxes - The Company files a separate federal return for its subsidiary in Canada. The Company accounts for its taxes under the liability method, whereby the Company recognizes, on a current and long-term basis, deferred tax assets and liabilities which represent differences between the financial and income tax reporting bases of its assets and liabilities. A valuation allowance is established when uncertainty exists as to the ultimate realization of net deferred tax assets.

Cash Equivalents - For purposes of presenting cash flows, the Company considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

Use of Estimates - The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates are used for, but not limited to: allowance for doubtful accounts, lease pool valuations, valuation allowance on deferred tax assets and depreciable lives of assets. Future events and their effects cannot be perceived with certainty. Accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our consolidated financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes. Actual results could differ from these estimates.

Foreign Currency Translation - All balance sheet accounts of the Canadian subsidiary have been translated at the current exchange rate as of the end of the accounting period. Income statement items have been translated at average currency exchange rates. The resulting translation adjustment is recorded as a separate component of comprehensive income within shareholders' equity.

Reclassifications - Certain prior year amounts have been reclassified to conform with the current year presentation. Such reclassifications had no effect on the results of operations or comprehensive income.

2. NEW ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards No. 141, Business Combinations ("SFAS 141") and No. 142, Goodwill and Other Intangible Assets ("SFAS 142"). SFAS 141 requires all business combinations initiated after June 30, 2001 to be accounted for under the purchase method. For all business combinations for which the date of acquisition is after June 30, 2001, SFAS 141 also establishes specific criteria for the recognition of intangible assets separately from goodwill and requires unallocated negative goodwill to be written off immediately as an extraordinary gain, rather than deferred and amortized. SFAS 142 changes the accounting for goodwill and other intangible assets after an acquisition. The most significant changes made by SFAS 142 are: 1) goodwill and intangible assets with indefinite lives will no longer be amortized; 2) goodwill and intangible assets with indefinite lives must be tested for impairment at least annually; and 3) the amortization period for intangible assets with finite lives will no longer be limited to 40 years. SFAS 142 is effective for fiscal years beginning after December 15, 2001. Upon adoption, the Company does not believe this statement will have any effect on the financial position or results of operations.

3. TERM BANK LOANS

On November 10, 2000, the Company closed an $8.5 million term loan with First Victoria National Bank. The loan amortizes over 48 months and bears interest at the rate of prime plus one-half percent, adjusted daily (5.25% at January 31, 2002). The first three monthly payments were interest only, with the remaining 45 monthly payments being interest and principal in the approximate amount of $229,000. As of January 31, 2002, the Company has drawn the entire $8.5 million under this loan agreement. The loan is collateralized by the lease pool equipment purchased for the Company's fiscal 2001 winter capital expenditure program. Subsequent to January 31, 2002, the Company renegotiated its term loan with First Victoria National Bank with substantially identical terms of the original loan. The Company borrowed an additional $2.0 million, representing the approximate amount of principal payments made under the original loan. The revised loan amortizes over 48 months, bears interest at the rate of prime plus one-half percent and requires 48 monthly payments of principal and interest in the approximate amount of $197,000.

In connection with the formation of DSI, the Company closed a $75,000 term loan in December 2001 with Regions Bank. This loan amortizes over 12 months and bears interest at the rate of prime minus one percent, adjusted daily (3.75% at January 31, 2002). The quarterly payments of principal and interest, beginning March 7, 2002, are approximately $19,000.

Long-term debt repayments are scheduled to be $2,515,000, $2,584,000 and $1,495,000 in fiscal 2003, 2004 and 2005, respectively.

4. SUPPLEMENTAL STATEMENTS OF CASH FLOWS INFORMATION

Supplemental disclosures of cash flow information for the years ended January 31, 2000, 2001 and 2002 are as follows:

	YEARS ENDED JANUARY 31,		
	2000	2001	2002
Interest paid	$ 31,000	$ 31,000	$ 542,000
Taxes paid (refunded), net	3,000	(3,529,000)	(942,000)
Seismic equipment acquired in exchange for cancellation of accounts receivable	781,000	--	312,000
Seismic equipment acquired in exchange for issuance of			

leasing
credits
1,250,000
500,000 --

5. NOTES RECEIVABLE

Notes receivable consisted of $2,080,000 due from seven customers and $1,126,000 due from four customers as of January 31, 2001 and 2002, respectively. These notes bear interest ranging from 9.5% - 12%. During fiscal 2002, the Company established one new note receivable in the amount of $500,000 to finance trade receivables. Also during fiscal 2002, the Company received final payments on three notes receivable that had been established in prior fiscal years. Additionally, during fiscal 2002 the Company wrote off two notes receivable in the aggregate amount of $638,000, one of which related to sales of equipment and one of which related to the financing of trade receivables from prior fiscal years.

During fiscal 2001, the Company established four notes receivable totaling $901,000 related to sales of seismic equipment and one note receivable to finance trade receivables in the amount of $527,000. Additionally, one of the new notes established during fiscal 2001 has been repaid by the customer as of January 31, 2002. The Company does not recognize interest income related to notes that were established to finance trade receivables. Interest will be recognized once all principal balances have been repaid.

6. CONCENTRATIONS

Credit Risk - As of January 31, 2001 and 2002, amounts due from customers which exceeded 10% of accounts receivable amounted to an aggregate of $3.5 million from three customers and $1.2 million from one customer, respectively.

The Company maintains deposits with banks which exceed the Federal Deposit Insurance Corporation ("FDIC") insured limit and has a money market account included in its cash balances which is not FDIC insured. Management believes the risk of loss in connection with these accounts is minimal.

Industry Concentration - The Company's revenues are derived from seismic equipment leased and sold to companies providing seismic acquisition services. The seismic industry has rapidly expanded its 3-D seismic acquisition capabilities over the past few years as this technology has gained broad market acceptance from oil and gas exploration companies. With this expansion, many of the seismic acquisition companies in North America, while experiencing rapid growth in 3-D seismic acquisition revenues, have not experienced corresponding increases in profitability and have become increasingly leveraged. Should the financial performance of the companies in this industry not improve, the Company could be exposed to additional credit risk and be subjected to declining demand for its leasing services.

7. SEISMIC EQUIPMENT LEASE POOL, PROPERTY AND EQUIPMENT

Seismic equipment lease pool, property and equipment consisted of the following as of:

	JANUARY 31,	
	2001	2002
Remote signal conditioners (channel boxes)	$ 34,405,000	$ 34,153,000
Other peripheral equipment	55,245,000	52,925,000
Seismic equipment lease pool	89,650,000	87,078,000
Land	25,000	25,000
Buildings and improvements	587,000	561,000
Furniture and fixtures	919,000	994,000
Drilling equipment	--	1,314,000
Autos and trucks	254,000	409,000
Property and equipment	1,785,000	3,303,000
Seismic equipment lease pool, property and equipment	91,435,000	90,381,000
Less: accumulated		

depreciation
(42,380,000)
(44,814,000)

- ---------
--- $
49,055,000
$
45,567,000
============
============

8. LEASES

The Company leases and subleases seismic equipment to customers under operating leases with non-cancelable terms of one year or less. These leases are generally renewable on a month-to-month basis. All taxes (other than U.S. federal income taxes) and assessments are the contractual responsibility of the lessee. To the extent the foreign taxes are not paid by the lessee, the relevant foreign taxing authorities might seek to collect such taxes from the Company. Under the terms of its lease agreements, any amounts paid by the Company to such foreign taxing authorities may be billed and collected from the lessee. If the Company is unable to collect the foreign taxes it paid on behalf of its lessees, the Company may have foreign tax credits in the amounts paid which could be applied against its U.S. income tax liability subject to certain limitations. The Company is not aware of any foreign tax obligations as of January 31, 2001 and 2002 that have not already been reflected on the accompanying consolidated financial statements.

The Company leases seismic equipment from others under month-to-month operating leases. Lease expense incurred by the Company in connection with such leases amounted to $155,000, $513,000 and $329,000 for the years ended January 31, 2000, 2001 and 2002, respectively.

9. INCOME TAXES

The components of income tax expense (benefit) were as follows:

	YEARS ENDED JANUARY 31,		
	2000	2001	2002
Current:			
Federal	$ (3,604,000)	$ (1,505,000)	$ --
Foreign	2,000	--	12,000
State	--	--	--
	(3,602,000)	(1,505,000)	12,000
Deferred	1,803,000	(4,000)	2,713,000
	$ (1,799,000)	$ (1,509,000)	$ 2,725,000

The components of the Company's deferred tax asset consisted of the following as of:

	JANUARY 31,	
	2001	2002
Deferred tax assets:		
Allowance for doubtful accounts	$ 418,000	$ 494,000
Canadian net operating		

loss
carryforward
2,000,000
2,500,000
U.S. net
operating
loss
carryforward
--
2,725,000
Inventory
valuation
allowance
366,000
87,000
Depreciation
1,064,000
382,000
Accruals
not yet
deductible
for tax
purposes
426,000
78,000 AMT
credit
434,000
434,000
Other 5,000
-- --------
---- ------

Gross
deferred
tax assets
4,713,000
6,700,000
Valuation
allowance
(2,000,000)
(6,700,000)

- ---------
--- Net
assets
2,713,000 -
- Deferred
tax
liabilities:
Tax
accounting
change from
cash basis
to accrual
basis -- --

- ---------

Deferred
tax asset,
net $
2,713,000 $
--
============
============

9. INCOME TAXES (continued)

The following is a reconciliation of expected to actual income tax expense (benefit):

	YEARS ENDED JANUARY 31,		
	2000	2001	2002
Federal income tax expense (benefit) at 34%	$ (2,265,000)	$ (1,515,000)	$ (1,949,000)
Non-taxable interest income	(227,000)	(160,000)	--
Deferred benefit not currently recognized	1,022,000	324,000	4,604,000
Nondeductible expenses	16,000	22,000	58,000
Prior year over accrual	(639,000)	(57,000)	--
Other	294,000	(123,000)	12,000
	$ (1,799,000)	$ (1,509,000)	$ 2,725,000

The Company had Canadian net operating loss carryforwards of approximately $6,000,000 as of January 31, 2002. The Canadian net operating losses expire in various years through 2007. The Company has U.S. net operating losses of approximately $8,000,000, which if unused will expire in 2021.

The Company recorded a valuation allowance of approximately $2,000,000 as of January 31, 2001 and $6,700,000 as of January 31, 2002.

10. SALES AND MAJOR CUSTOMERS

A summary of the Company's revenues from foreign customers by geographic region is as follows:

	YEARS ENDED JANUARY 31,		
	2000	2001	2002
Canada	$ 4,538,000	$ 10,484,000	$ 10,637,000
UK/Europe	2,144,000	4,154,000	3,084,000
Mexico	8,000	1,044,000	380,000
South America	678,000	3,171,000	7,030,000
Asia	107,000	63,000	252,000
Other	36,000	174,000	351,000
Totals	$ 7,511,000	$ 19,090,000	$ 21,734,000

Three customers represented approximately 17%, 12% and 10% of fiscal 2000 total revenues. Three customers represented approximately 21%, 13% and 10% of fiscal 2001 total revenues and two customers represented approximately 22% and 11% of fiscal 2002 total revenues. No other customer exceeded 10% of revenues for fiscal 2000, 2001 and 2002.

11. SHAREHOLDERS' EQUITY

The Company has 1,000,000 shares of preferred stock authorized, none of which are outstanding as of January 31, 2001 and 2002. The preferred stock may be issued in multiple series with various terms, as authorized by the Company's Board of Directors. The Company has 20,000,000 shares of common stock authorized, of which 9,591,112 and 9,657,801 are issued as of January 31, 2001 and 2002, respectively.

In August 1996, in exchange for services, the Company issued warrants to its legal counsel to purchase 50,000 shares of its common stock for $6.43 per share (the "August 1996 Warrants"), exercisable beginning August 1997 for a period of four years thereafter. During fiscal 2001, all of these warrants were exercised. In December 1996, in exchange for services, the Company issued warrants to its legal counsel to purchase 50,000 shares of its common stock at $9.28 per share (the "December 1996 Warrants"), exercisable beginning December 14, 1997 for a period of five years. During fiscal 2002, all of these warrants were exercised. In October 1997, in exchange for services rendered in connection with the Company's secondary offering, the Company issued warrants to its legal counsel to purchase 25,000 shares of its common stock for $28.12 per share (the "1997 Warrants"), exercisable beginning October 28, 1998 for a period of five years thereafter. During fiscal 2002, 20,000 of these warrants were exercised. As of January 31, 2002, the exercise price of the remaining 5,000 1997 Warrants was $3.56 per share, a result of the anti-dilution provisions of those warrants.

In July 2001, in exchange for services, the Company issued warrants to an investment banking firm to purchase 20,000 shares of its common stock for $5.00 per share, exercisable beginning July 18, 2002 for a period of five years thereafter. As of January 31, 2002, the exercise price of the warrants was $4.42 per share, a result of the anti-dilution provisions of those warrants.

In February 2000, the Board of Directors authorized the repurchase of up to 1,000,000 shares of the Company's common stock. On July 18, 2001, the Board of Directors increased the number of shares authorized to be repurchased to a total of up to 1,250,000 shares. The Company has repurchased 907,200 shares of its common stock at an average cost of $5.15 per share as of January 31, 2002 and has classified these shares as treasury stock in the accompanying financial statements. The Company expects it will continue to purchase its shares from time to time in the open market or in privately negotiated purchase transactions as market and financial conditions warrant.

12. COMMITMENTS AND CONTINGENCIES

Sercel Lease Agreement - Effective December 16, 1999, the Company renewed its exclusive leasing arrangement with Sercel by entering into a new Exclusive Equipment Lease Agreement (the "Sercel Lease Agreement"). The Sercel Lease Agreement replaces the parties' former Exclusive Equipment Lease Agreement (the "Former Agreement") that was entered into in September 1996, under which the Company had completely fulfilled its purchase obligations. The Sercel Lease Agreement is substantially similar to the Former Agreement. Under the agreement, the Company acts as Sercel's exclusive third-party worldwide short-term leasing representative and Sercel will refer to the Company all requests it receives to lease Sercel 3-D data acquisition equipment and other field equipment, through December 31, 2002. As of January 31, 2002, the Company has fulfilled its purchase obligations.

Legal Proceedings - On or about April 23, 1998, several purported securities fraud class action lawsuits were filed against the Company, Billy F. Mitcham and Roberto Rios ("Defendants") in the U.S. District Court for the Southern District of Texas, Houston Division. On August 10, 2001, facing protracted and expensive litigation, Defendants executed a final settlement agreement with Plaintiffs for $2.7 million, paid by the Company and its insurance carrier. On December 10, 2001, the Court approved the settlement agreement, certified the class for settlement purposes only, and entered a Final Judgment and Order dismissing all the class action lawsuits with prejudice.

Employment Agreement - Effective January 15, 1997, the Company entered into an employment agreement with the Company's president for a term of five years, beginning January 15, 1997, which term is automatically extended for successive one-year periods unless either party gives written notice of termination at least 30 days prior to the end of the current term. The agreement provides for an annual salary of $150,000, subject to increase by the Board of Directors. It may be terminated prior to the end of the initial term or any extension thereof if the president dies; if it is determined that the president has become disabled; if the Board of Directors determines that the president has breached the employment agreement in any material respect, has appropriated a material business opportunity of the Company or has engaged in fraud or dishonesty with respect to the Company's business that is punishable by imprisonment. If the president's employment is terminated by the Company prior to the end of the initial five-year term other than for a reason enumerated above, the president will be entitled to payments equal to $450,000, payable ratably over the 24 months following such termination. For a period of two years after the termination of the agreement, the president is prohibited from engaging in any business activities that are competitive with the Company's business and from diverting any of the Company's customers to a competitor.

13. STOCK OPTION PLANS

The Company's stock option plans consist of the 1994 Stock Option Plan, the 1998 Stock Awards Plan, the 2000 Stock Option Plan and the 1994 Non-Employee Director Plan (the "Director Plan"). Under the 1994 Stock Option Plan, incentive stock options and unqualified stock options to purchase a maximum of 350,000 shares of common stock may be issued to officers, employee directors, key employees and consultants of the Company.

Under the 1998 Stock Awards Plan, up to 350,000 shares of common stock may be issued in the form of stock options, stock appreciation rights, restricted stock awards, performance awards and phantom stock awards to the Company's employees.

Under the 2000 Stock Option Plan, up to 1,000,000 shares of common stock may be issued in the form of incentive stock options and unqualified stock options to the Company's employees, consultants and non-employee directors.

With respect to incentive stock options issued under the 1994 Stock Option Plan, the 1998 Stock Awards Plan and the 2000 Stock Option Plan, no option may be granted more than 10 years after the effective date of the stock option plan or exercised more than 10 years after the date of grant (five years if the optionee owns more than 10% of the common stock of the Company at the date of grant). The vesting period for options will be determined by the Compensation Committee, except that no option may be exercised sooner than six months from the date of grant. Additionally, with regard to incentive stock options, the exercise price of the option may not be less than 100% of the fair market value of the common stock at the date of grant (110% if the optionee owns more than 10% of the common stock of the Company). Subject to certain limited exceptions, options may not be exercised unless, at the time of exercise, the optionee is in the service of the Company.

As of January 31, 2002, options to purchase an aggregate of 295,100 shares have been granted and options to purchase 137,100 shares of common stock are issued and outstanding under the 1994 Stock Option Plan, 45,750 of which are exercisable at a price of $5.00 per share, 21,000 of which are exercisable at $3.29 per share, 21,000 of which are exercisable at $5.75 per share, 34,350 of which are exercisable at $22.00 per share and 15,000 of which are exercisable at $5.38 per share. As of January 31, 2002, options to purchase an aggregate of 276,650 shares have been granted and options to purchase 270,550 shares of common stock are issued and outstanding under the 1998 Stock Awards Plan, 60,000 of which are exercisable at a price of $7.38 per share and 210,550 of which are exercisable at $3.56 per share. As of January 31, 2002, options to purchase an aggregate of 513,550 shares of common stock are issued and outstanding under the 2000 Stock Option Plan, 240,300 of which are exercisable at a price of $5.13 per share, 750 of which are exercisable at $5.53 per

13. STOCK OPTION PLANS (continued)

share, 262,500 of which are exercisable at $5.00 per share and 10,000 of which are exercisable at $4.60 per share.

The Director Plan provides for the grant of up to 50,000 nonqualified stock options. Options granted under the Director Plan must have an exercise price at least equal to the fair market value of the Company's common stock on the date of grant. Pursuant to the Director Plan, options to purchase 5,000 shares of common stock are granted to each non-employee director upon his election to the Board and every year thereafter so long as he is re-elected to the Board of Directors. Options granted under the Director Plan are fully vested one year after their grant and expire 10 years after the date of the grant. As of January 31, 2002, options to purchase an aggregate of 41,000 shares of common stock were issued and outstanding under the Director Plan, 1,000 of which are exercisable at $2.88 per share, 1,000 of which are exercisable at $3.13 per share, 10,000 of which are exercisable at $4.06 per share, 15,000 of which are exercisable at $5.13 per share, 2,000 of which are exercisable at $7.38 per share, 10,000 of which are exercisable at $11.00 per share and 2,000 of which are exercisable at $11.13 per share.

Activity in the 1994 Stock Option Plan, 1998 Stock Awards Plan, 2000 Stock Option Plan and Director Plan for the years ended January 31, 2000, 2001 and 2002 was as follows:

	Number of Shares	Weighted Average Exercise Price Per Share
Outstanding, January 31, 1999	300,580	$ 8.46
Exercised	--	--
Granted	300,000	3.58
Expired	(31,380)	4.93
Outstanding, January 31, 2000	569,200	$ 6.08
Exercised	--	--
Granted	304,350	5.13
Expired	(13,200)	5.53
Outstanding, January 31, 2001	860,350	$ 5.75
Exercised	(6,100)	

3.56
Granted
274,600
4.99
Expired
(166,650)
5.90 ------
------ ----

Outstanding,
January 31,
2002
962,200 $
5.52
============
============

13. STOCK OPTION PLANS (continued)

As of January 31, 2002, options to acquire 479,318 shares of the Company's common stock were fully vested and exercisable at a weighted average exercise price of $6.23 per share.

The remaining options, which have a weighted average exercise price of $4.82 per share, will vest over the next three fiscal years. If not previously exercised, options outstanding at January 31, 2002 will expire as follows: 45,750 options expire on May 9, 2004; 1,000 options expire on March 16, 2005; 1,000 options expire on June 8, 2005; 21,000 options expire on December 4, 2005; 2,000 options expire on June 12, 2006; 21,000 options expire on August 14, 2006; 2,000 options expire on June 11, 2007; 34,350 options expire on October 3, 2007; 10,000 options expire on July 9, 2008; 15,000 options expire on August 31, 2008; 60,000 options expire on September 29, 2008; 210,550 options expire on February 23, 2009; 10,000 options expire on July 23, 2009; 255,300 options expire on July 27, 2010, 750 options expire on August 15, 2010, 262,500 options expire on July 18, 2011 and 10,000 options expire on October 23, 2011.

The Company applies APB Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for its stock option plans since options have been granted at fair value. Had compensation expense for the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans, consistent with the method of SFAS No. 123, the Company's net loss and loss per common share would have been decreased to the pro forma amounts indicated below:

	YEARS ENDED JANUARY 31,		
	2000	2001	2002
Net loss			
As reported	$ (4,864,000)	$ (2,946,000)	$ (8,457,000)
Pro forma	(5,238,000)	(3,431,000)	(9,166,000)
Net loss per common share (basic)			
As reported	$ (.51)	$ (.32)	$ (.95)
Pro forma	(.55)	(.37)	(1.03)

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free rates of 4.5% to 7%; volatility of 62%, 65% and 69% for 2000, 2001 and 2002, respectively; no assumed dividend yield; and expected lives of 3-5 years.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist of trade receivables, marketable securities, notes receivable and accounts and notes payables. The Company believes the carrying value of these financial instruments approximates their estimated fair value due to the short maturity of these instruments and the market rates associated with the notes payable.

15. FORMATION OF SUBSIDIARY

On January 28, 2002, the Company formed a wholly-owned subsidiary, DSI, to own and operate a fleet of seismic shot hole drills and to provide other services required by seismic data acquisition contractors. Such services offered by DSI include seismic survey program design, quality control, permit acquisition, geographical surveying and shot hole drilling, or commonly referred to as "front-end services". The Company paid approximately $1.5 million in cash and bank debt for the purchase of the assets that were placed in the newly-formed subsidiary. The majority of assets purchased consists of drilling equipment and automobiles. As of January 31, 2002, the Company has not finalized its purchase price allocation of these assets. However, the Company does not expect any material change in the balances described elsewhere in this report (see Notes 1, 3 and 7 for additional information).

MITCHAM INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. QUARTERLY FINANCIAL DATA (Unaudited)

(in thousands, except per share amounts)

Fiscal Year	April 30	July 31	October 31	January 31
Net sales:				
2002	$ 7,073	$ 8,067	$ 7,670	$ 4,373
2001	4,108	4,197	3,753	8,539
Gross profit:				
2002	5,665	6,431	5,377	2,478
2001	2,753	2,971	2,555	5,346
Income (loss) before taxes: (2)				
2002	493	832	310	(7,367)
2001	(1,120)	(950)	(1,654)	(731)
Income taxes (benefit): (1)				
2002	--	499	421	1,805
2001	(327)	--	--	(1,182)
Net income (loss):				
2002	493	333	(111)	(9,172)
2001	(793)	(950)	(1,654)	451
Basic earnings (loss) per common share:				
2002	0.06	0.04	(0.01)	(1.05)
2001				

(0.08)
(0.10)
(0.18)
0.05
Diluted earnings (loss) per common share:
2002 0.05
0.04
(0.01)
(1.05)
2001
(0.08)
(0.10)
(0.18)
0.05

(1) During the fourth quarter of fiscal 2001, the Company triggered alternative minimum tax credits and experienced better than expected operating results allowing the Company to recover previously paid taxes. During the fourth quarter of fiscal 2002, the Company recorded a valuation allowance against its deferred tax assets in the amount of $4.7 million.

(2) During the fourth quarter of fiscal 2002, the Company wrote off or reserved approximately $4.9 million of customer accounts and notes receivable.

INDEPENDENT AUDITOR'S REPORT
ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors and Shareholders
Mitcham Industries, Inc.
Huntsville, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Mitcham Industries, Inc. and Subsidiaries included in this Form 10-K and have issued our report thereon dated April 18, 2002. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial statement schedule listed in Item 16(b) herein (Schedule II - Valuation and Qualifying Accounts) is the responsibility of the Company's management and is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. The financial statement schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects with the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ HEIN + ASSOCIATES LLP
HEIN + ASSOCIATES LLP

Houston, Texas
April 18, 2002

SCHEDULE II

MITCHAM INDUSTRIES, INC.

VALUATION AND QUALIFYING ACCOUNTS

COL. A	COL. B	COL. C(1)	COL. D	COL. E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	DEDUCTIONS - DESCRIBE	BALANCE AT END OF PERIOD
January 31, 2000 Allowance for doubtful accounts	$ 1,625,000	$ 575,000	$ 1,357,000(A)	$ 843,000
January 31, 2001 Allowance for doubtful accounts	$ 843,000	$ 225,000	$ (162,000)(A)	$ 1,230,000
January 31, 2002 Allowance for doubtful accounts	$ 1,230,000	$ 5,065,000	$ 4,841,000(A)	$ 1,454,000

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(A) Represents recoveries and uncollectible accounts written off.

Note: Column C(2) has been omitted, as all answers would be "none."

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
10.14	-- Warrant No. M-7
21	-- Subsidiaries of Mitcham Industries, Inc.
23	-- Consent of Independent Certified Public Accountants

EXHIBIT 10.14

NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, OFFERED FOR SALE, ASSIGNED, TRANSFERRED OR OTHERWISE DISPOSED OF, UNLESS REGISTERED PURSUANT TO THE PROVISIONS OF THAT ACT OR AN OPINION OF COUNSEL TO THE COMPANY IS OBTAINED STATING THAT SUCH DISPOSITION IS IN COMPLIANCE WITH AN AVAILABLE EXEMPTION FROM SUCH REGISTRATION.

WARRANT NO. M-7

FOR THE PURCHASE OF SHARES OF
COMMON STOCK

OF

MITCHAM INDUSTRIES, INC.

1. TERM OF WARRANT. THIS CERTIFIES THAT, for value received, Bear Ridge Capital, L.L.C., and its successors and assigns (individually, the "Holder" and collectively, the "Holders"), as registered owner of this Warrant (the "Warrant") is entitled, at any time during the period beginning on July 18, 2002 and expiring at 5:00 p.m., Houston, Texas time, on July 18, 2007 (the "Expiration Date"), but not thereafter (unless otherwise expressly provided herein), to subscribe for, purchase and receive, in whole or in part, up to 20,000 duly authorized, validly issued, fully paid and nonassessable shares of common stock, par value $0.01 per share (the "Common Stock") of Mitcham Industries, Inc. (the "Company"). If the Expiration Date is a day on which banking institutions are authorized by law to close, then this Warrant may be exercised on the next succeeding day which is not such a day in accordance with the terms herein. During the period this Warrant is outstanding, the Company agrees not to take any action that would terminate this Warrant.

2. EXERCISE OF WARRANT.

2.1 EXERCISE PRICE AND EXERCISE FORM. This Warrant may initially be exercised at a price of $5.00 per share of Common Stock; provided, however, that on the occurrence of any of the events specified in Section 7 hereof, the rights granted by this Warrant, including the exercise price per share of Common Stock and the number of shares of Common Stock to be received upon such exercise, shall be adjusted as therein specified. The term "Exercise Price" shall mean the initial exercise price or the adjusted exercise price, depending on the context. In order to exercise this Warrant, the exercise form attached hereto must be duly executed and completed and delivered to the Company, together with this Warrant and, except as otherwise provided in Section 2.3, with payment of the Exercise Price in cash for the shares of Common Stock being purchased. As promptly as practicable on or after such date (and in any event within 10 days thereafter), the Company at its expense shall issue and deliver to the person or persons entitled to receive the same a certificate or certificates for the number of shares issuable upon such exercise.

If the subscription rights represented hereby are not exercised at or before 5:00 p.m., Houston, Texas time, on the Expiration Date, this Warrant shall become and be void without further force or effect, and all rights represented hereby shall cease and expire.

2.2 LEGEND. Each certificate for securities purchased under this Warrant shall bear a legend as follows unless such securities have been registered under the Securities Act of 1933, as amended (the "Act"):

> "The securities represented by this certificate have not been registered under the Securities Act of 1933 (the "Act"). The securities may not be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement under the Act, or pursuant to an exemption from registration under the Act."

2.3 CONVERSION RIGHT. In lieu of the payment of the Exercise Price, the Holder(s) shall have the right (but not the obligation), to require the Company to convert this Warrant, in whole or in part, into shares of Common Stock (the "Conversion Right") as provided for in this Section. Upon exercise of the Conversion Right, the Company shall deliver to the Holder(s) (without a cash payment by the Holder(s) of any of the Exercise Price) that number of shares of Common Stock equal to the quotient obtained by dividing (x) the "Value" (as defined below) of the portion of the Warrant being converted at the time the Conversion Right is exercised by (y) the Market Price (as defined in Section 7.2.5) immediately prior to the exercise of the Conversion Right. The "Value" of the portion of the Warrant being converted shall mean the difference between (a) the Exercise Price multiplied by the number of shares of Common Stock being converted; and (b) the Market Price multiplied by the number of shares of Common Stock being converted.

3. RESTRICTIONS ON TRANSFER.

3.1 GENERAL RESTRICTIONS. In order to make any permitted assignment, the Holder must deliver to the Company the assignment form attached hereto duly executed and completed, together with the Warrant and payment of all transfer taxes, if any, payable in connection therewith. The Company shall immediately transfer this Warrant on the books of the Company and shall execute and deliver a new Warrant or Warrants of like tenor to the appropriate assignee(s) expressly evidencing the right to purchase the numbers of shares of Common Stock purchasable hereunder or such portion of such number as shall be contemplated by any such assignment.

3.2 RESTRICTIONS IMPOSED BY THE ACT. On the date hereof, the shares of Common Stock issuable upon exercise of this Warrant (the "Warrant Stock") are not registered under the Act. The Warrant Stock shall not be transferred unless and until (i) the Company has received the opinion of counsel for the Holder(s) that the securities may be sold pursuant to an exemption from registration under the Act, the availability of which is established to the reasonable satisfaction of the Company; or (ii) a registration statement relating to such securities has been filed by the Company and declared effective by the Securities and Exchange Commission.

4. NEW WARRANTS TO BE ISSUED.

4.1 PARTIAL EXERCISE OR TRANSFER. Subject to the restrictions in Section 3 hereof, this Warrant may be exercised or assigned in whole or in part. In the event of the exercise or assignment hereof in part only, upon surrender of this Warrant for cancellation, together with the duly executed exercise or assignment form and funds sufficient to pay any transfer tax, the Company shall cause to be delivered to the Holder(s) without charge a new Warrant of like tenor to this Warrant in the name of the Holder evidencing the right of the Holder(s) to purchase the number of shares of Common Stock purchasable hereunder as to which this Warrant has been exercised or assigned.

4.2 LOST CERTIFICATE. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and of reasonably satisfactory indemnification, the Company shall execute and deliver to the Holder(s) a new Warrant of like tenor and date. Any such new Warrant executed and delivered as a result of such loss, theft, mutilation or destruction shall constitute an additional contractual obligation on the part of the Company.

4.3 DIVISIBILITY OF WARRANT. This Warrant may be divided into warrants representing one share of Warrant Stock or multiples thereof, upon surrender at the principal office of the Company without charge to any Holder. Upon any such division, and, if permitted by Section 3 and in accordance with the provisions thereof, such Warrants may be transferred of record to a name other than that of the Holder(s) of record; provided, however, that the Holder shall be required to pay any and all transfer taxes with respect thereto.

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to the Holder(s) hereof as follows:

5.1 CORPORATE AND OTHER ACTION. The Company has all requisite corporate power and authority and has taken all necessary corporate action to authorize, execute, issue, deliver and perform pursuant to the terms of this Warrant, to authorize and reserve for issuance and, upon payment from time to time of the Exercise Price, to issue, sell and deliver the Warrant Stock issuable on the exercise of this Warrant and to perform all of its obligations under this Warrant. The Warrant Stock, when issued in accordance with this Warrant, will be duly authorized and validly issued and outstanding, fully paid and nonassessable and free of all liens, claims, encumbrances and preemptive rights. This Warrant has been duly executed and delivered by the Company and is a legal, valid and binding agreement of the Company, enforceable in accordance with its terms. No authorization, approval, consent or other order of any governmental entity, regulatory authority or other third party is required for such authorization, execution, issuance, delivery, performance or sale.

5.2 NO VIOLATION. The execution and delivery of this Warrant, the consummation of the transactions herein contemplated and the compliance with the terms and provisions hereof and thereof, will not conflict with, or result in a breach of, or constitute a default or an event permitting acceleration under, any statute, the Articles of Incorporation or Bylaws of the Company, or any indenture, mortgage, deed of trust, note, bank loan, credit agreement, franchise, license, lease, permit, or any other agreement, understanding, instrument, judgment, decree, order, statute, rule or regulation to which the Company is a party or by which it is or may be bound.

6. REGISTRATION RIGHTS.

6.1 PIGGYBACK REGISTRATION RIGHTS. If before the Expiration Date, the Company proposes to file any other registration statement under the Act with respect to the offering of Common Stock (other than a registration relating solely to employee benefit plans, in connection with a corporate reorganization or other transaction on Form S-4, or a registration on any registration form that does not permit sales by the Holder(s)), the Company shall in each case give written notice of such proposed filing to the Holder(s) of the Warrant Stock, at least 30 days before the earlier of the anticipated or the actual effective date of the registration statement and at least 10 days before the initial filing of such registration statement. Such notice shall offer to such parties the opportunity to include in such registration statement such number of shares of Warrant Stock as they may request. Holder(s) desiring inclusion of Warrant Stock in such registration statement shall so inform the Company by written notice, given within 10 days of the giving of such notice by the Company and in accordance with the provisions of Section 10.1 hereof. The Company shall permit, or shall cause the managing underwriter of a proposed offering to permit, the holders of Warrant Stock requested to be included in the registration to include such securities in the proposed offering on the same terms and conditions as applicable to any similar securities of the Company, if any, included therein for the account of any person other than the Company and the Holder(s) of Warrants and/or Warrant Stock. The Company shall continuously maintain in effect any registration statement with respect to which the Warrant Stock has been requested to be included (and so included) for a period of not less than (i) 180 days after the effectiveness of such registration statement; or (ii) the consummation of the distribution by the holders of the Warrant Stock ("Piggyback Termination Date"); provided, however, that if, at the Piggyback Termination Date, the Warrant Stock is covered by a registration statement which is, or is required to remain, in effect beyond the Piggyback Termination Date, the Company shall maintain in effect the registration statement as it relates to the Warrant Stock for so long as such registration statement remains or is required to remain in effect for any of such other securities. All expenses of such registration shall be borne by the Company, except that underwriting discounts, selling commissions and expenses attributable to the Warrant Stock and fees and disbursements of counsel (if any) to the Holder(s) requesting that the Warrant Stock be offered will be borne by such Holder(s).

6.2 OTHER MATTERS. In connection with the registration of Warrant Stock in accordance with Sections 6.1 above, the Company agrees to:

(a) Use its best efforts to register or qualify the Warrant Stock for offer or sale under state securities or Blue Sky laws of such jurisdictions in which the Holder(s) of such Warrants and/or Warrant Stock shall reasonably designate; provided, however, that in no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not then so qualified, or to take any action which would subject it to general service of process or taxation in any jurisdiction where it is not then so subject;

(b) Enter into indemnity and contribution agreements, each in customary form, with each underwriter, if any, and each holder of Warrant Stock included in such registration statement; and, if requested, enter into an underwriting agreement containing customary representations, warranties, covenants, allocation of expenses, and customary closing conditions including, but not limited to, opinions of counsel and accountants' cold comfort letters with any underwriter who participates in the offering of Warrant Stock; and

(c) Pay all expenses in connection with the registration of the Warrants and/or Warrant Stock under the Act and in compliance with the provisions of Section 6.2(a) above.

In connection with the registration of Warrant Stock in accordance with Section 6.1 above, the Holder(s) of Warrant Stock agree to enter into an underwriting agreement containing customary representations, warranties, covenants, allocation of expenses (not otherwise inconsistent with this Warrant), and customary closing conditions, with any underwriter who participates in the offering of Warrant Stock.

6.3 INDEMNIFICATION. The Company shall indemnify the Holder(s) of the Warrant Stock to be sold pursuant to any registration statement hereunder and each person, if any, who controls such Holder(s) within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the Exchange Act or otherwise, arising from such registration statement, but only to the same extent and with the same effect as the provisions pursuant to which the Company has agreed to indemnify the managing underwriter of the offering, if any, pursuant to the Underwriting Agreement. The Holder(s) of the Warrant Stock to be sold pursuant to such registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, its officers and directors and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished by or on behalf of such Holder(s), or their successors or assigns, in writing, for specific inclusion in such registration statement to the same extent and with the same effect as the provisions contained in the Underwriting Agreement pursuant to which the underwriter has agreed to indemnify the Company.

6.4 RIGHT TO INFORMATION. The Company will provide to the Holder(s), on a timely basis, copies of all documents and reports filed with the Securities and Exchange Commission (the "Commission") and publicly available annual and quarterly financial statements.

6.5 RULE 144. With a view to making available to the Holder(s) the benefits of certain rules of the Commission that may permit the sale of shares of Warrant Stock to the public without registration, the Company hereby covenants and agrees to use its reasonable best efforts to file in a timely manner all reports and other documents required to be filed by it under the Act and the Exchange Act and the rules and regulations adopted by the Commission thereunder necessary to permit sales under Rule 144 under the Act, and the Company will take such further action which does not have material cost to the Company to the extent required from time to time to enable the Holder(s) of Warrant Stock to sell shares of Warrant Stock (whether or not any such securities have been the subject of a piggyback request pursuant to the agreement set forth in Section 6.1 hereof) without registration under the Act within the limitation of the exemptions provided by (a) Rule 144 under the Act, as amended from time to time; or (b) any similar rule or regulation hereafter adopted by the Commission. Upon the written request of a Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

7. ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF SHARES OF COMMON STOCK PURCHASABLE.

7.1 COMPUTATION OF ADJUSTED EXERCISE PRICE; ISSUANCE OR SALE OF ADDITIONAL COMMON STOCK. Except as hereinafter provided, subject to Section 7.3, if the Company at any time after the date hereof, issues or sells any shares of Common Stock, including shares held in the Company's treasury and shares of Common Stock issued upon the exercise of any options, rights or warrants to subscribe for shares of Common Stock and shares of Common Stock issued upon the direct or indirect conversion or exchange of securities for shares of Common Stock, for a consideration per share less than either the Exercise Price or the Market Price (as defined in Section 7.2.5) in effect immediately prior to the issuance or sale of such shares, or without consideration, then immediately upon such issuance or sale, the Exercise Price shall (until another such issuance or sale) be reduced to the price determined by dividing (x) an amount equal to the sum of (1) the number of shares of Common Stock outstanding immediately prior to such issue or sale multiplied by the lesser of the Exercise Price or Market Price in effect immediately before such issuance or sale, plus (2) the consideration received by the Company upon such issue or sale by (y) the aggregate number of shares of Common Stock outstanding immediately after such issue or sale.

7.2 GENERAL RULES FOR COMPUTATION OF ADJUSTMENTS. For the purposes of any reduction to be made in accordance with Section 7.1, the following provisions shall apply:

7.2.1 CASH CONSIDERATION. In case of the issuance or sale of shares of Common Stock for a consideration part or all of which is cash, the amount of the cash consideration therefor shall be deemed to be the amount of cash received by the Company for such shares (or, if shares of Common Stock are offered by the Company for subscription, the subscription price, or, if either of such securities are sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price), before deducting therefrom any compensation paid or discount allowed in the sale, underwriting or purchase thereof by underwriters or dealers or others performing similar services, or any expenses incurred in connection therewith.

7.2.2 OTHER THAN CASH CONSIDERATION. In case of the issuance or sale (other than as a dividend or other distribution on any stock of the Company) of shares of Common Stock for a consideration part or all of which is other than cash, the amount of the consideration therefor other than cash shall be deemed to be the value of such consideration as determined in good faith by the Board of Directors of the Company.

7.2.3 SHARE DIVIDENDS. Shares of Common Stock issuable by way of dividend or other distribution on any stock of the Company shall be deemed to have been issued immediately after the opening of business on the day following the record date for the determination of shareholders entitled to receive such dividend or other distribution and shall be deemed to have been issued without consideration.

7.2.4 RECLASSIFICATION. The reclassification of securities of the Company other than shares of Common Stock into securities, including shares of Common Stock, shall be deemed to involve the issuance of such shares of Common Stock for a consideration other than cash immediately prior to the close of business on the date fixed for the determination of security holders entitled to receive such shares, and the value of the consideration allocable to such shares of Common Stock shall be determined as provided in Section 7.2.2.

7.2.5 MARKET PRICE. As used herein, the term "Market Price" at any date shall be deemed to be the average of the last reported sale prices for the last 10 trading days, in either case as officially reported by the principal securities exchange on which the Common Stock is listed or admitted to trading, or, if the Common Stock is not listed or admitted to trading on any national securities exchange or if any such exchange on which the Common Stock is listed is not its principal trading market, the average closing bid price for the last 10 trading days as furnished by the NASD as quoted on the Nasdaq National Market or SmallCap Market, the OTC Bulletin Board or similar organization, or, if the Common Stock is not quoted on the Nasdaq National Market or SmallCap Market or the OTC Bulletin Board, as determined in good faith by resolution of the Board of Directors of the Company based on the best information available to it.

7.3 ISSUANCE OF OPTIONS, RIGHTS, WARRANTS AND CONVERTIBLE AND EXCHANGEABLE SECURITIES. If the Company at any time after the date hereof, issues options, rights or warrants to subscribe for shares of Common Stock, or issues any securities convertible into or exchangeable for shares of Common Stock, for a consideration per share less than either the Exercise Price or the Market Price in effect immediately prior to the issuance of such options, rights or warrants, or such convertible or exchangeable securities, or without consideration, the Exercise Price in effect immediately prior to the issuance of such options, rights or warrants, or such convertible or exchangeable securities, as the case may be, shall be reduced to a price determined by making a computation in accordance with the provisions of Section 7.1 hereof, and the general rules of Section 7.2 shall likewise apply as if Common Stock issuable under such options, rights or warrants or securities convertible into or exchangeable for shares of Common Stock were issued and outstanding.

7.4 SUBDIVISION AND COMBINATION. If the Company at any time subdivides or combines the outstanding shares of Common Stock, the Exercise Price shall immediately be proportionately decreased in the case of subdivision or increased in the case of combination.

7.5 ADJUSTMENT IN NUMBER OF SHARES OF COMMON STOCK PURCHASABLE. Upon each adjustment of the Exercise Price pursuant to the provisions of this Section 7, the number of shares of Common Stock issuable upon the exercise of this Warrant shall be adjusted to the nearest full number by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares of Common Stock issuable upon exercise of this Warrant immediately prior to such adjustment, and dividing the product so obtained by the adjusted Exercise Price.

7.6 DEFINITION OF COMMON STOCK. For the purpose of this Warrant, the term "Common Stock" shall mean (i) the class of stock designated as Common Stock in the Articles of Incorporation of the Company, as may be amended as of the date hereof, or (ii) any other class of stock resulting from successive changes or reclassification of such Common Stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. If the Company after the date hereof issues securities with greater or superior voting rights than the shares of Common Stock outstanding as of the date hereof, the Holder(s), at their option, may receive upon exercise of this Warrant either shares of Common Stock or a like number of such securities with greater or superior voting rights.

7.7 MERGER OR CONSOLIDATION. If there is any consolidation of the Company with, or merger of the Company with, or merger of the Company into, another corporation (other than a consolidation or merger which does not result in any reclassification or change of the outstanding Common Stock), the corporation formed by such consolidation or merger shall execute and deliver to the Holder a supplemental Warrant providing that the holder of this Warrant shall have the right thereafter (until the stated expiration of such Warrant) to receive, upon exercise of such Warrant, the kind and amount of shares of stock and other securities and property receivable upon such consolidation or merger, by a holder of the number of shares of Common Stock of the Company for which such Warrant might have been exercised immediately before such consolidation, merger, sale or transfer. Such supplemental Warrant shall provide for adjustments which shall be identical to the adjustments provided in this Section 7. The above provision of this Section shall similarly apply to successive consolidations or mergers.

7.8 NO ADJUSTMENT OF EXERCISE PRICE IN CERTAIN CASES. No adjustment of the Exercise Price shall be made if the amount of said adjustment would be less than one cent ($.01) per share of Common Stock; provided, however, that in such case, any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to at least one cent ($.01) per share of Common Stock.

7.9 DIVIDENDS AND OTHER DISTRIBUTIONS. If the Company at any time prior to the exercise of all or any portion of this Warrant, declares a dividend (other than a dividend consisting solely of shares of Common Stock) or otherwise distributes to its shareholders any assets, property, rights, evidences of indebtedness, securities (other than shares of Common Stock), whether issued by the Company or by another, or any other thing of value, the Holder(s) of the unexercised Warrant shall thereafter be entitled to receive upon the exercise of such Warrant, in addition to the shares of Common Stock or other securities and property receivable upon the exercise thereof, the same property, assets, rights, evidences of indebtedness, securities or any other thing of value that they would have been entitled to receive at the time of such dividend or distribution as if the Warrant had been exercised immediately prior to such dividend or distribution. At the time of any such dividend or distribution, the Company shall make appropriate reserves to ensure the timely performance of the provisions of this Section 7.9.

7.10 ELIMINATION OF FRACTIONAL INTERESTS. The Company shall not be required to issue certificates representing fractions of shares of Common Stock upon the exercise of this Warrant, nor shall it be required to issue scrip or pay cash in lieu of any fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of shares of Common Stock or other securities, properties or rights.

7.11 NO IMPAIRMENT. The Company will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all of the provisions of this Section 7 and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder(s) of this Warrant against impairment.

7.12 COMPANY TO PREVENT DILUTION. In case at any time or from time to time conditions arise by reason of action taken by the Company, which in the opinion of its Board of Directors, are not adequately covered by the provisions of this Section 7, and which might materially and adversely affect the exercise rights of the Holder(s), the Board of Directors of the Company shall appoint a firm of independent certified public accountants of recognized standing, which may be the firm regularly retained by the Company, which shall give their opinion upon the adjustment, if any, on a basis consistent with the standards established in the other provisions of this Section 7, necessary with respect to the Exercise Price, so as to preserve, without dilution, the exercise rights of the Holder(s). Upon receipt of such opinion, the Board of Directors of the Company shall forthwith make the adjustments described therein.

8. RESERVATION AND LISTING. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon exercise of this Warrant, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of this Warrant and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid and non-assessable and not subject to preemptive rights of any shareholder.

9. CERTAIN NOTICE REQUIREMENTS.

9.1 HOLDER'S RIGHT TO RECEIVE NOTICE. Nothing herein shall be construed as conferring upon the Holder the right to vote or consent or to receive notice as a shareholder for the election of directors or any other matter, or as having any rights whatsoever as a shareholder of the Company. If, however, at any time prior to the expiration of this Warrant and its exercise, any of the events described in Section 9.2 shall occur, then, in one or more of said events, the Company shall give written notice of such event at least 15 days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the shareholders entitled to such dividend, distribution, conversion or exchange of securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of the closing of the transfer books, as the case may be.

9.2 EVENTS REQUIRING NOTICE. The Company shall be required to give the notice described in this Section 9 upon the occurrence of one or more of the following events:

(a) if the Company takes a record of the holders of its shares of Common Stock for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company;

(b) if the Company offers to all the holders of its Common Stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor; or

(c) if the Company proposes to dissolve, liquidate or wind up its affairs (other than in connection with a consolidation or merger) or to sell of all or substantially all of its property, assets and business.

9.3 NOTICE OF CHANGE IN EXERCISE PRICE AND NUMBER OF SHARES OF COMMON STOCK PURCHASABLE. The Company shall, promptly after an event requiring a change in the Exercise Price pursuant to Section 7 hereof and the related change in the number of shares of Common Stock purchasable hereunder under Section 7.5, send notice to the Holder(s) of such event and changes ("Price Notice"). The Price Notice shall describe the event causing the changes and the method of calculating same and shall be certified as being true and accurate by the Company's Chief Financial Officer.

10. MISCELLANEOUS.

10.1 NOTICES. All notices, requests, consents and other communications under this Warrant shall be in writing and shall be deemed to have been duly made when hand delivered, or mailed by first class mail (postage prepaid), express mail service, overnight courier or fax (with hard copy being sent by first class mail or overnight courier): (i) if to the registered Holder(s) of this Warrant, to the address of such Holder(s) as shown on the books of the Company; or (ii) if to the Company, to following address or to such other address as the Company may designate by notice to the Holder(s). Such notice shall be deemed received 24 hours after it is sent.

Mitcham Industries, Inc.
44000 Highway 75 South
Huntsville, Texas 77342
Attention: Billy F. Mitcham, Jr.

The address of any party may be changed by notice given in the manner provided in this Section 10.1.

10.2 AMENDMENTS. The Company and the Holder(s) may from time to time supplement or amend this Warrant but such supplement or amendment shall not be effective unless evidenced by an agreement in writing executed by the Company and the Holder(s).

10.3 HEADINGS. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Warrant.

10.4 ENTIRE AGREEMENT. This Warrant (together with the other agreements and documents being delivered pursuant to or in connection with this Warrant) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

10.5 BINDING EFFECT. This Warrant shall inure solely to the benefit of and shall be binding upon the Holder(s) and the Company and their respective permitted assignees, successors and legal representatives and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Warrant or any provisions herein contained.

10.6 GOVERNING LAW. This Warrant shall be governed by and construed and enforced in accordance with the laws of the State of Texas without giving effect to choice of law or conflicts of laws principles. In the event of any dispute involving this Warrant or the Warrant Stock, venue shall lie in Houston, Harris County, Texas.

10.7 WAIVER, ETC. The failure of the Company or the Holder(s) to at any time enforce any of the provisions of this Warrant shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Warrant or any provision hereof or the right of the Company or the Holder to thereafter enforce each and every provision of this Warrant. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Warrant shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

10.8 EXECUTION IN COUNTERPARTS. This Warrant may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by the parties hereto and delivered to the other parties hereto.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer effective the 18th day of July, 2001.

MITCHAM INDUSTRIES, INC.

By:

P. Blake Dupuis
Executive Vice President - Finance

Form to be used to exercise Warrant:

Mitcham Industries, Inc.
44000 Highway 75 South
Huntsville, Texas 77342

Date: ________________, 200__

The undersigned elects irrevocably to exercise this Warrant and to purchase __________ shares of Common Stock of Mitcham Industries, Inc. and hereby makes payment of $_______________ (at the rate of $________________ per share of Common Stock) in payment of the Exercise Price pursuant thereto. Please issue the Common Stock as to which this Warrant is exercised in accordance with the instructions given below.

or

The undersigned hereby elects irrevocably to convert __________ shares of the Common Stock purchasable under the within Warrant into ____________ shares of Common Stock of ______________________, Inc. (based on a "Market Price" of $______________). Please issue the Common Stock in accordance with the instructions given below.

Signature

Name Printed

Signature Guaranteed

INSTRUCTIONS FOR REGISTRATION OF SECURITIES

Name

(Please Print in Block Letters)

Address

NOTICE: THE SIGNATURE TO THIS FORM MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE WITHIN WARRANT IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER, AND MUST BE GUARANTEED BY A BANK, OTHER THAN A SAVINGS BANK, OR BY A TRUST COMPANY OR BY A FIRM HAVING MEMBERSHIP ON A REGISTERED NATIONAL SECURITIES EXCHANGE.

Form to be used to assign Warrant:

ASSIGNMENT

(To be executed by the registered Holder to effect a transfer of the within Warrant):

FOR VALUE RECEIVED, ____ does hereby sell, assign and transfer unto ______________________________________ the right to purchase _________________________________ shares of Common Stock of Mitcham Industries, Inc. (the "Company") evidenced by the within Warrant and does hereby authorize the Company to transfer such right on the books of the Company.

Dated: ------------------------- , 200 -

Signature

Name Printed

Signature Guaranteed

NOTICE: THE SIGNATURE TO THIS FORM MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE WITHIN WARRANT IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER, AND MUST BE GUARANTEED BY A BANK, OTHER THAN A SAVINGS BANK, OR BY A TRUST COMPANY OR BY A FIRM HAVING MEMBERSHIP ON A REGISTERED NATIONAL SECURITIES EXCHANGE.

EXHIBIT 21

Subsidiaries of Mitcham Industries, Inc.

The following entities are wholly-owned subsidiaries of Mitcham Industries, Inc.

1. Drilling Services, Inc., a Delaware corporation; and

2. Mitcham Canada Ltd., an Alberta corporation.

EXHIBIT 23

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We consent to incorporation by reference in the registration statements (No. 333-11097 and 333-67208) on Form S-8 of Mitcham Industries, Inc. of our report dated April 18, 2002, which report appears in the January 31, 2002 annual report on Form 10-K of Mitcham Industries, Inc.

Hein + Associates LLP
Certified Public Accountants
Houston, Texas
April 30, 2002