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

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 31, 2012

or

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

For the transition period from to

Commission File Number: 000-25142

MITCHAM INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

76-0210849
(I.R.S. Employer
Identification No.)

8141 SH 75 South
P.O. Box 1175
Huntsville, Texas 77342
(Address of principal executive offices, including Zip Code)

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

Indicate by check mark whether the registrant (1) has 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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 12,837,859 shares of common stock, \$0.01 par value, were outstanding as of December 4, 2012.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MITCHAM INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)
(unaudited)

	<u>October 31, 2012</u>	<u>January 31, 2012</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,990	\$ 15,287
Restricted cash	96	98
Accounts receivable, net	18,627	35,788
Current portion of contracts and notes receivable	2,661	2,273
Inventories, net	7,524	6,708
Deferred tax asset	1,771	2,594
Prepaid income taxes	5,294	—
Prepaid expenses and other current assets	4,072	2,530
Total current assets	<u>64,035</u>	<u>65,278</u>
Seismic equipment lease pool and property and equipment, net	117,388	120,377
Intangible assets, net	4,185	4,696
Goodwill	4,320	4,320
Prepaid foreign income tax	—	3,519
Deferred tax asset	3,381	—
Other assets	412	39
Total assets	<u>\$ 193,721</u>	<u>\$ 198,229</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,976	\$ 13,037
Current maturities – long-term debt	142	1,399
Income taxes payable	—	2,419
Deferred revenue	925	543
Accrued expenses and other current liabilities	2,743	6,583
Total current liabilities	<u>7,786</u>	<u>23,981</u>
Non-current income taxes payable	417	5,435
Deferred tax liability	—	595
Long-term debt, net of current maturities	13,474	12,784
Total liabilities	<u>21,677</u>	<u>42,795</u>
Shareholders' equity:		
Preferred stock, \$1.00 par value; 1,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.01 par value; 20,000 shares authorized; 13,763 and 13,556 shares issued at October 31, 2012 and January 31, 2012, respectively	138	136
Additional paid-in capital	116,264	113,654
Treasury stock, at cost (925 shares at October 31, 2012 and January 31, 2012)	(4,857)	(4,857)
Retained earnings	52,932	39,297
Accumulated other comprehensive income	7,567	7,204
Total shareholders' equity	<u>172,044</u>	<u>155,434</u>
Total liabilities and shareholders' equity	<u>\$ 193,721</u>	<u>\$ 198,229</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

MITCHAM INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	<u>For the Three Months</u> <u>Ended October 31,</u>		<u>For the Nine Months</u> <u>Ended October 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:				
Equipment leasing	\$11,062	\$17,411	\$42,952	\$46,458
Lease pool equipment sales	1,873	2,442	7,409	3,103
Seamap equipment sales	4,495	6,198	22,301	21,081
Other equipment sales	1,143	1,969	3,622	5,158
Total revenues	<u>18,573</u>	<u>28,020</u>	<u>76,284</u>	<u>75,800</u>
Cost of sales:				
Direct costs - equipment leasing	1,663	2,365	6,308	6,348
Direct costs - lease pool depreciation	8,308	7,223	25,139	20,016
Cost of lease pool equipment sales	1,341	519	3,752	723
Cost of Seamap and other equipment sales	2,907	3,568	12,445	12,230
Total cost of sales	<u>14,219</u>	<u>13,675</u>	<u>47,644</u>	<u>39,317</u>
Gross profit	4,354	14,345	28,640	36,483
Operating expenses:				
General and administrative	5,854	4,961	16,907	15,403
Provision for (recovery of) doubtful accounts	—	679	(443)	187
Depreciation and amortization	362	304	1,031	921
Total operating expenses	<u>6,216</u>	<u>5,944</u>	<u>17,495</u>	<u>16,511</u>
Operating (loss) income	(1,862)	8,401	11,145	19,972
Other income (expenses):				
Interest, net	79	(25)	(22)	(295)
Other, net	(395)	680	(964)	8
Total other income (expenses)	<u>(316)</u>	<u>655</u>	<u>(986)</u>	<u>(287)</u>
(Loss) income before income taxes	(2,178)	9,056	10,159	19,685
Benefit (provision) for income taxes	956	(2,293)	3,477	(5,529)
Net (loss) income	<u>\$ (1,222)</u>	<u>\$ 6,763</u>	<u>\$13,636</u>	<u>\$14,156</u>
Net (loss) income per common share:				
Basic	<u>\$ (0.10)</u>	<u>\$ 0.55</u>	<u>\$ 1.07</u>	<u>\$ 1.28</u>
Diluted	<u>\$ (0.10)</u>	<u>\$ 0.52</u>	<u>\$ 1.03</u>	<u>\$ 1.21</u>
Shares used in computing net income per common share:				
Basic	12,771	12,381	12,687	11,091
Diluted	12,771	12,982	13,264	11,689

The accompanying notes are an integral part of these condensed consolidated financial statements.

MITCHAM INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	<u>Three Months Ended</u> <u>October 31,</u>		<u>For the Nine Months</u> <u>Ended October 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net (loss) income	\$(1,222)	\$ 6,763	\$13,636	\$14,156
Change in cumulative translation adjustment	508	(2,354)	363	420
Comprehensive (loss) income	<u>\$ (714)</u>	<u>\$ 4,409</u>	<u>\$13,999</u>	<u>\$14,576</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

MITCHAM INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	For the Nine Months Ended October 31,	
	2012	2011
Cash flows from operating activities:		
Net income	\$ 13,636	\$ 14,156
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	26,270	21,038
Stock-based compensation	1,323	1,133
Provision for doubtful accounts, net of charge offs	(636)	1,281
Provision for inventory obsolescence	178	73
Gross profit from sale of lease pool equipment	(3,657)	(2,380)
Excess tax benefit from exercise of non-qualified stock options and restricted shares	(441)	(394)
Deferred tax benefit	(3,524)	(763)
Changes in non-current income taxes payable	(5,003)	822
Changes in working capital items:		
Accounts receivable	17,662	(10,794)
Contracts and notes receivable	(761)	2,590
Inventories	(623)	(972)
Prepaid expenses and other current assets	(1,341)	(625)
Income taxes receivable and payable	(7,672)	1,167
Prepaid foreign income tax	3,519	(419)
Accounts payable, accrued expenses, other current liabilities and deferred revenue	(2,801)	2,447
Net cash provided by operating activities	<u>36,129</u>	<u>28,360</u>
Cash flows from investing activities:		
Purchases of seismic equipment held for lease	(35,531)	(40,957)
Purchases of property and equipment	(795)	(1,084)
Sale of used lease pool equipment	7,409	3,103
Payment for earn-out provision	—	(148)
Net cash used in investing activities	<u>(28,917)</u>	<u>(39,086)</u>
Cash flows from financing activities:		
Net proceeds from (payments on) revolving line of credit	650	(17,700)
Proceeds from equipment notes	180	37
Payments on borrowings	(1,528)	(2,647)
Net purchases of short-term investments	—	(101)
Proceeds from issuance of common stock upon exercise of options	331	788
Net proceeds from public offering of common stock (Note 8)	—	31,028
Excess tax benefit from exercise of non-qualified stock options and restricted shares	441	394
Net cash provided by financing activities	<u>74</u>	<u>11,799</u>
Effect of changes in foreign exchange rates on cash and cash equivalents	<u>1,417</u>	<u>186</u>
Net change in cash and cash equivalents	<u>8,703</u>	<u>1,259</u>
Cash and cash equivalents, beginning of period	<u>15,287</u>	<u>14,647</u>
Cash and cash equivalents, end of period	<u>\$ 23,990</u>	<u>\$ 15,906</u>
Supplemental cash flow information:		
Interest paid	\$ 447	\$ 574
Income taxes paid	\$ 8,222	\$ 4,206
Purchases of seismic equipment held for lease in accounts payable at end of period	\$ 835	\$ 18,484

The accompanying notes are an integral part of these condensed consolidated financial statements.

MITCHAM INDUSTRIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation

The condensed consolidated balance sheet as of January 31, 2012 for Mitcham Industries, Inc. (for purposes of these notes, the “Company”) has been derived from audited consolidated financial statements. The unaudited interim condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the related notes included in the Company’s Annual Report on Form 10-K for the year ended January 31, 2012. In the opinion of the Company, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position as of October 31, 2012, the results of operations for the three and nine months ended October 31, 2012 and 2011, and the cash flows for the nine months ended October 31, 2012 and 2011, have been included in these financial statements. The foregoing interim results are not necessarily indicative of the results of operations to be expected for the full fiscal year ending January 31, 2013.

2. Organization

The Company was incorporated in Texas in 1987. The Company, through its wholly owned Canadian subsidiary, Mitcham Canada, ULC. (“MCL”), its wholly owned Russian subsidiary, Mitcham Seismic Eurasia LLC (“MSE”), its wholly owned Hungarian subsidiary, Mitcham Europe Ltd. (“MEL”), its wholly owned Singaporean subsidiary, Mitcham Marine Leasing Pte Ltd (“MML”), and its branch operations in Colombia and Peru, provides full-service equipment leasing, sales and service to the seismic industry worldwide. The Company, through its wholly owned Australian subsidiary, Seismic Asia Pacific Pty Ltd. (“SAP”), provides seismic, oceanographic and hydrographic leasing and sales worldwide, primarily in Southeast Asia and Australia. The Company, through its wholly owned subsidiary, Seemap International Holdings Pte, Ltd. (“Seemap”), designs, manufactures and sells a broad range of proprietary products for the seismic, hydrographic and offshore industries with manufacturing, support and sales facilities based in Singapore and the United Kingdom. All material intercompany transactions and balances have been eliminated in consolidation.

3. New Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2011-04, *Fair Value Measurement-Topic 820: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards*, to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles and enhances disclosure requirements, particularly for Level 3 fair value measurements. ASU 2011-04 was effective in the nine months ended October 31, 2012 and applied prospectively. The adoption of this standard did not have a material effect on the Company’s financial statements.

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income-Topic 220: Presentation of Comprehensive Income*, to require an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of equity. This update does not change what items are reported in other comprehensive income or the requirement to report reclassification of items from other comprehensive income to net income. ASU 2011-05 was effective in the nine months ended October 31, 2012, though earlier adoption was permitted. The update was applied retrospectively upon adoption. The Company elected to present two separate but consecutive statements. The adoption of this standard did not have a material effect on the Company’s financial statements.

4. Restricted Cash

In connection with certain contracts, SAP has pledged approximately \$96,000 in short-term time deposits as of October 31, 2012 to secure performance obligations under those contracts. The amount of security will be released as the contractual obligations are performed over the remaining terms of the contracts, which is estimated to be approximately five months. As the investment in the short-term time deposits relates to a financing activity, the securing of contract obligations, this transaction is reflected as a financing activity in the accompanying condensed consolidated statements of cash flows.

5. Balance Sheet

	October 31, 2012	January 31, 2012
	(in thousands)	
Accounts receivable:		
Accounts receivable	\$ 21,940	\$ 40,179
Allowance for doubtful accounts	(3,313)	(4,391)
Total accounts receivable, net	<u>\$ 18,627</u>	<u>\$ 35,788</u>
Contracts and notes receivable:		
Contracts receivable	\$ 955	\$ 2,273
Notes receivable	2,080	—
Less current portion	(2,661)	(2,273)
Long-term portion	<u>\$ 374</u>	<u>\$ —</u>

Contracts receivable consisted of \$955,000 due from two customers as of October 31, 2012 and \$2,273,000 due from two customers as of January 31, 2012. Notes receivable of \$2,080,000 at October 31, 2012 relate to promissory notes issued by a customer in settlement of a trade accounts receivable. As of October 31, 2012, these agreements bear interest at an average of approximately 8.7% per year and have remaining repayment terms of 10 to 18 months. These agreements are collateralized by seismic equipment and are considered collectable; thus, no allowances have been established for them.

	October 31, 2012	January 31, 2012
	(in thousands)	
Inventories:		
Raw materials	\$ 3,116	\$ 2,789
Finished goods	4,989	3,711
Work in progress	519	1,109
	<u>8,624</u>	<u>7,609</u>
Less allowance for obsolescence	(1,100)	(901)
Total inventories, net	<u>\$ 7,524</u>	<u>\$ 6,708</u>

	October 31, 2012	January 31, 2012
	(in thousands)	
Seismic equipment lease pool and property and equipment:		
Seismic equipment lease pool	\$ 233,922	\$ 223,493
Land and buildings	366	366
Furniture and fixtures	8,763	8,020
Autos and trucks	748	680
	<u>243,799</u>	<u>232,559</u>
Accumulated depreciation and amortization	(126,411)	(112,182)
Total seismic equipment lease pool and property and equipment, net	<u>\$ 117,388</u>	<u>\$ 120,377</u>

6. Goodwill and Other Intangible Assets

	Weighted Average Remaining Life at 10/31/12	October 31, 2012			January 31, 2012		
		Gross Carrying Amount	Accumulated Amortization (in thousands)	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization (in thousands)	Net Carrying Amount
Goodwill		\$ 4,320			\$ 4,320		
Proprietary rights	7.6	\$ 3,535	\$ (1,564)	\$ 1,971	\$ 3,532	\$ (1,347)	\$ 2,185
Customer relationships	5.3	2,401	(800)	1,601	2,387	(572)	1,815
Patents	5.3	723	(241)	482	719	(172)	547
Trade name	5.3	197	(66)	131	196	(47)	149
Amortizable intangible assets		\$ 6,856	\$ (2,671)	\$ 4,185	\$ 6,834	\$ (2,138)	\$ 4,696

As of October 31, 2012, the Company had goodwill of \$4,320,000, all of which was allocated to the Seamap segment. No impairment was recorded against the goodwill account.

Amortizable intangible assets are amortized over their estimated useful lives of eight to 15 years using the straight-line method. Aggregate amortization expense was \$169,000 and \$173,000 for the three months ended October 31, 2012 and 2011, respectively, and \$506,000 and \$512,000 for the nine months ended October 31, 2012 and 2011, respectively. As of October 31, 2012, future estimated amortization expense related to amortizable intangible assets was estimated to be:

For fiscal years ending January 31 (in thousands):	
2013	\$ 172
2014	673
2015	673
2016	673
2017	673
2018 and thereafter	1,321
Total	\$4,185

7. Long-Term Debt and Notes Payable

Long-term debt and notes payable consisted of the following (in thousands):

	October 31, 2012	January 31, 2012
Revolving line of credit	\$ 13,200	\$ 12,550
Equipment note	—	638
MCL notes	27	785
SAP equipment notes	389	210
	13,616	14,183
Less current portion	(142)	(1,399)
Long-term debt	\$ 13,474	\$ 12,784

In August 2012, the Company entered into an amended credit agreement with First Victoria Bank (the “Bank”) that provides for borrowings of up to \$50,000,000 on a revolving basis through August 31, 2015 (the “revolving credit facility”). The Company may, at its option, convert any or all balances outstanding under the revolving credit facility into a series of term notes with monthly amortization over 48 months.

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Amounts available for borrowing under the revolving credit facility are determined by a borrowing base. The borrowing base is computed based upon certain outstanding accounts receivable, certain portions of the Company's lease pool and certain lease pool assets that have been purchased with proceeds from the revolving credit facility. The revolving credit facility and any term loan are collateralized by essentially all of the Company's domestic assets. Interest is payable monthly at the greater of the prime rate or 3.25%. As of October 31, 2012, the applicable rate was 3.25%. Up to \$10,000,000 of available borrowings under the revolving credit facility may be utilized to secure letters of credit. The revolving credit facility contains certain financial covenants that require, among other things, for the Company to maintain a debt to shareholders' equity ratio of no more than 0.7 to 1.0, maintain a current assets to current liabilities ratio of not less than 1.25 to 1.0; and have quarterly earnings before interest, taxes, depreciation and amortization ("EBITDA") of not less than \$2,000,000. The revolving credit facility also provides that the Company may not incur or maintain indebtedness in excess of \$10,000,000 without the prior written consent of the Bank, except for borrowings related to the revolving credit facility. The Company may also guaranty up to \$5,000,000 of subsidiary debt without the Bank's prior consent. The Company was in compliance with each of these provisions as of and for the three months ended October 31, 2012. The Company's average borrowings under the revolving credit facility for the nine months ended October 31, 2012 and 2011 were approximately \$14,084,000 and \$12,725,000, respectively.

In October 2010, the Company entered into a \$3.6 million secured promissory note with a supplier in connection with the purchase of certain lease pool equipment. The note, which was repaid in March 2012, was repayable in 18 monthly installments, bore interest at 8% annually and was secured by the equipment purchased. The Company received the consent of the Bank for this transaction, as required by the terms of the revolving line of credit.

In March 2010, MCL entered into two promissory notes related to the purchase of Absolute Equipment Solutions, Inc. The notes bore interest at 6.0% per year with the first of two equal installments paid in March 2011 and the balance in March 2012.

From time to time, SAP has entered into notes payable to finance the purchase of certain equipment, which are secured by the equipment purchased.

8. Public Offering of Common Stock

In June 2011, the Company completed a public offering of 2,300,000 shares of its common stock, par value \$0.01. After deducting underwriting discounts and commissions and expenses of the offering, net proceeds to the Company were approximately \$31.0 million.

9. Income Taxes

Prepaid income taxes of \$5,294,000 at October 31, 2012 consisted of approximately \$3,916,000 of foreign taxes and \$1,378,000 of domestic federal and state taxes. Current income taxes payable of \$2,419,000 at January 31, 2012 consisted of approximately \$1,641,000 of foreign taxes and \$778,000 of domestic federal and state taxes.

The Company and its subsidiaries file consolidated and separate income tax returns in the United States federal jurisdiction and in foreign jurisdictions. The Company is subject to United States federal income tax examinations for all tax years beginning with its fiscal year ended January 31, 2009.

The Company is subject to examination by taxing authorities throughout the world, including foreign jurisdictions such as Australia, Canada, Colombia, Hungary, Peru, Russia, Singapore, and the United Kingdom. With few exceptions, the Company and its subsidiaries are no longer subject to foreign income tax examinations for tax years before 2004.

In July 2012, the Company reached a settlement with the Canadian Revenue Agency ("CRA") and the Internal Revenue Service regarding its request for competent authority assistance for matters arising from an audit of the Company's Canadian income tax returns for the years ended January 31, 2004, 2005 and 2006. The issues involved related to intercompany repair charges, management fees and the deductibility of depreciation charges and whether those deductions should be taken in Canada or in the United States. Pursuant to the settlement agreement, adjustments have been made to the Company's Canadian and United States income tax returns for the years ended January 31, 2004 through January 31, 2012. These changes resulted in a net reduction to consolidated income tax expense of approximately \$150,000, which amount is reflected in the Company's benefit from income taxes for the nine months ended October 31, 2012.

As a result of the settlement, the Company has recognized the benefit of certain tax positions amounting to approximately \$3.3 million and has reversed previous estimates of potential penalties and interest amounting to approximately \$1.9 million.

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The effective tax rate for the nine months ended October 31, 2012 was a benefit of approximately 34% due to the impact of the settlement discussed above. Without this effect, which amounted to approximately \$5.3 million, the effective rate for the nine months ended October 31, 2012 was an expense of approximately 18%. For the nine months ended October 31, 2011, the effective tax rate was approximately 28%. These rates are less than the federal statutory rate of 34% primarily due to the effect of lower tax rates in certain foreign jurisdictions. The Company has determined that earnings from these jurisdictions have been permanently reinvested outside of the United States.

10. Earnings per Share

Net income per basic common share is computed using the weighted average number of common shares outstanding during the period, excluding unvested restricted stock. Net income per diluted common share is computed using the weighted average number of common shares and dilutive potential common shares outstanding during the period using the treasury stock method. Potential common shares result from the assumed exercise of outstanding common stock options having a dilutive effect and from the assumed vesting of unvested shares of restricted stock.

The following table presents the calculation of basic and diluted weighted average common shares used in the earnings per share calculation:

	Three Months Ended October 31,		For the Nine Months Ended October 31,	
	2012	2011	2012	2011
	<small>(in thousands)</small>		<small>(in thousands)</small>	
Basic weighted average common shares outstanding	12,771	12,381	12,687	11,091
Stock options	415	586	558	581
Unvested restricted stock	20	15	19	17
Total weighted average common share equivalents	435	601	577	598
Diluted weighted average common shares outstanding	<u>13,206</u>	<u>12,982</u>	<u>13,264</u>	<u>11,689</u>

For the three months ended October 31, 2012, diluted weighted average common shares were anti-dilutive and were therefore not considered in calculating diluted loss per share for that period.

11. Stock-Based Compensation

Total compensation expense recognized for stock-based awards granted under the Company's various equity incentive plans during the three and nine months ended October 31, 2012 was approximately \$259,000 and \$1.3 million, respectively, and, during the three and nine months ended October 31, 2011 was approximately \$196,000 and \$1.1 million, respectively. Additionally, during the nine months ended October 31, 2012, accrued compensation expense applicable to the year ended January 31, 2012 totaling approximately \$211,000 was paid by issuing common stock and options to purchase common stock. During the nine months ended October 31, 2012, 10,000 shares of common stock and options to purchase 60,000 shares of common stock were granted to non-employee members of the Company's Board of Directors.

12. Segment Reporting

The Equipment Leasing segment offers new and "experienced" seismic equipment for lease or sale to the oil and gas industry, seismic contractors, environmental agencies, government agencies and universities. The Equipment Leasing segment is headquartered in Huntsville, Texas, with sales and services offices in Calgary, Canada; Brisbane, Australia; Ufa, Bashkortostan, Russia; Budapest, Hungary; Singapore; Bogota, Colombia; and Lima, Peru.

The Seemap segment is engaged in the design, manufacture and sale of state-of-the-art seismic and offshore telemetry systems. Manufacturing, support and sales facilities are maintained in the United Kingdom and Singapore.

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Financial information by business segment is set forth below (net of any allocations):

	<u>As of October 31, 2012</u>	<u>As of January 31, 2012</u>
	<u>Total Assets</u>	<u>Total Assets</u>
	(in thousands)	
Equipment Leasing	\$ 174,698	\$ 172,238
Seamap	19,217	26,322
Eliminations	(194)	(331)
Consolidated	<u>\$ 193,721</u>	<u>\$ 198,229</u>

Results for the three months ended October 31, 2012 and 2011 were as follows (in thousands):

	<u>Revenues</u>		<u>Operating income (loss)</u>		<u>Income before taxes</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Equipment Leasing	\$14,078	\$21,822	\$ (2,760)	\$ 5,690	\$(2,714)	\$6,007
Seamap	4,839	6,743	1,232	2,811	870	3,149
Eliminations	(344)	(545)	(334)	(100)	(334)	(100)
Consolidated	<u>\$18,573</u>	<u>\$28,020</u>	<u>\$ (1,862)</u>	<u>\$ 8,401</u>	<u>\$(2,178)</u>	<u>\$9,056</u>

Results for the nine months ended October 31, 2012 and 2011 were as follows (in thousands):

	<u>Revenues</u>		<u>Operating income</u>		<u>Income before taxes</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Equipment Leasing	\$53,983	\$54,719	\$ 2,954	\$11,671	\$ 2,378	\$11,717
Seamap	23,134	22,009	8,410	8,534	8,000	8,201
Eliminations	(833)	(928)	(219)	(233)	(219)	(233)
Consolidated	<u>\$76,284</u>	<u>\$75,800</u>	<u>\$11,145</u>	<u>\$19,972</u>	<u>\$10,159</u>	<u>\$19,685</u>

Sales from the Seamap segment to the Equipment Leasing segment are eliminated in the consolidated revenues. Consolidated income before taxes reflects the elimination of profit from intercompany sales and depreciation expense on the difference between the sales price and the cost to manufacture the equipment. Fixed assets are reduced by the difference between the sales price and the cost to manufacture the equipment, less the accumulated depreciation related to the difference.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q (this “Form 10-Q”) may be deemed to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “expect,” “plan” “intend,” “foresee,” “should,” “could,” or similar expressions, are intended to identify forward-looking statements, which generally are not historical in nature. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our expectations for future revenues and operating results are based on our forecasts for our existing operations and do not include the potential impact of any future acquisitions. Our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, those summarized below:

- *decline in the demand for seismic data and our services;*
- *the effect of changing economic conditions and fluctuations in oil and natural gas prices on exploration activities;*
- *the effect of uncertainty in financial markets on our customers’ and our ability to obtain financing;*
- *loss of significant customers;*
- *increased competition;*
- *loss of key suppliers;*
- *seasonal fluctuations that can adversely affect our business;*
- *fluctuations due to circumstances beyond our control or that of our customers;*
- *defaults by customers on amounts due us;*
- *possible impairment of our long-lived assets due to technological obsolescence or changes in anticipated cash flow generated from those assets;*
- *inability to obtain funding or to obtain funding under acceptable terms;*
- *intellectual property claims by third parties;*
- *risks associated with our manufacturing operations; and*
- *risks associated with our foreign operations, including foreign currency exchange risk.*

For additional information regarding known material factors that could cause our actual results to differ materially from our projected results, please see (1) Part II, “Item 1A. Risk Factors” and (2) Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended January 31, 2012.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publically update or revise any forward-looking statement after the date they are made, whether as the result of new information, future events or otherwise.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
Overview

We operate in two segments, equipment leasing ("Equipment Leasing") and equipment manufacturing. Our equipment leasing operations are conducted from our Huntsville, Texas headquarters and from our locations in Calgary, Canada; Brisbane, Australia; Ufa, Bashkortostan, Russia; Budapest, Hungary; Singapore; Bogota, Colombia; and Lima, Peru. Our Equipment Leasing segment includes the operations of our Mitcham Canada, ULC. ("MCL"), Absolute Equipment Solutions, Inc. ("AES"), Seismic Asia Pacific Pty. Ltd. ("SAP"), Mitcham Europe Ltd ("MEL"), Mitcham Marine Leasing Pte Ltd. ("MML") and Mitcham Seismic Eurasia LLC ("MSE") subsidiaries and our branch operations in Peru and Colombia. We acquired AES effective March 1, 2010 and established MEL in August 2011 and MML in November 2011. Effective February 1, 2012, AES was merged into MCL. Our equipment manufacturing segment is conducted by our Seemap subsidiaries and, therefore, is referred to as our "Seemap" segment. Seemap operates from its locations near Bristol, United Kingdom and in Singapore.

Management believes that the performance of our Equipment Leasing segment is indicated by revenues from equipment leasing and by the level of our investment in lease pool equipment. Management further believes that the performance of our Seemap segment is indicated by revenues from equipment sales and by gross profit from those sales. Management monitors EBITDA and Adjusted EBITDA, both as defined in the following table, as key indicators of our overall performance and liquidity.

The following table presents certain operating information by operating segment.

	For the Three Months Ended October 31,		For the Nine Months Ended October 31,	
	2012	2011	2012	2011
	(in thousands)		(in thousands)	
Revenues:				
Equipment Leasing	\$ 14,078	\$ 21,822	\$53,983	\$54,719
Seemap	4,839	6,743	23,134	22,009
Inter-segment sales	(344)	(545)	(833)	(928)
Total revenues	<u>18,573</u>	<u>28,020</u>	<u>76,284</u>	<u>75,800</u>
Cost of sales:				
Equipment Leasing	12,177	11,636	38,193	30,972
Seemap	2,052	2,485	10,065	9,041
Inter-segment costs	(10)	(446)	(614)	(696)
Total cost of sales	<u>14,219</u>	<u>13,675</u>	<u>47,644</u>	<u>39,317</u>
Gross profit	<u>4,354</u>	<u>14,345</u>	<u>28,640</u>	<u>36,483</u>
Operating expenses:				
General and administrative	5,854	4,961	16,907	15,403
Provision for (recovery of) doubtful accounts	—	679	(443)	187
Depreciation and amortization	362	304	1,031	921
Total operating expenses	<u>6,216</u>	<u>5,944</u>	<u>17,495</u>	<u>16,511</u>
Operating (loss) income	<u>\$ (1,862)</u>	<u>\$ 8,401</u>	<u>\$11,145</u>	<u>\$19,972</u>
EBITDA ⁽¹⁾	<u>\$ 6,446</u>	<u>\$ 16,640</u>	<u>\$36,451</u>	<u>\$41,018</u>
Adjusted EBITDA ⁽¹⁾	<u>\$ 6,705</u>	<u>\$ 16,836</u>	<u>\$37,774</u>	<u>\$42,151</u>
Reconciliation of Net income to EBITDA and Adjusted EBITDA				
Net (loss) income	\$ (1,222)	\$ 6,763	\$13,636	\$14,156
Interest (income) expense, net	(79)	25	22	295
Depreciation and amortization	8,703	7,559	26,270	21,038
(Benefit) provision for income taxes	(956)	2,293	(3,477)	5,529
EBITDA ⁽¹⁾	<u>6,446</u>	<u>16,640</u>	<u>36,451</u>	<u>41,018</u>
Stock-based compensation	259	196	1,323	1,133
Adjusted EBITDA ⁽¹⁾	<u>\$ 6,705</u>	<u>\$ 16,836</u>	<u>\$37,774</u>	<u>\$42,151</u>

Reconciliation of Net cash provided by operating activities to EBITDA

Net cash provided by operating activities	\$ 6,849	\$ 8,722	\$ 36,129	\$28,360
Stock-based compensation	(259)	(196)	(1,323)	(1,133)
Changes in trade accounts, contracts and notes receivable	(6,029)	7,169	(16,901)	8,204
Interest paid	122	77	447	574
Taxes paid, net of refunds	1,187	677	8,222	4,206
Gross profit from sale of lease pool equipment	532	1,923	3,657	2,380
Changes in inventory	253	407	623	972
Changes in accounts payable, accrued expenses and other current liabilities and deferred revenue	758	(424)	2,801	(2,447)
Other	3,033	(1,715)	2,796	(98)
EBITDA ⁽¹⁾	\$ 6,446	\$16,640	\$ 36,451	\$41,018

- (1) EBITDA is defined as net income before (a) interest expense, net of interest income, (b) provision for (or benefit from) income taxes and (c) depreciation, amortization and impairment. Adjusted EBITDA excludes stock-based compensation. We consider EBITDA and Adjusted EBITDA to be important indicators for the performance of our business, but not measures of performance calculated in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). We have included these non-GAAP financial measures because management utilizes this information for assessing our performance and liquidity and as indicators of our ability to make capital expenditures, service debt and finance working capital requirements. The covenants of our revolving credit facility require us to maintain a minimum level of EBITDA. Management believes that EBITDA and Adjusted EBITDA are measurements that are commonly used by analysts and some investors in evaluating the performance and liquidity of companies such as us. In particular, we believe that it is useful to our analysts and investors to understand this relationship because it excludes transactions not related to our core cash operating activities. We believe that excluding these transactions allows investors to meaningfully trend and analyze the performance and liquidity of our core cash operations. EBITDA and Adjusted EBITDA are not measures of financial performance or liquidity under U.S. GAAP and should not be considered in isolation or as alternatives to cash flow from operating activities or as alternatives to net income as indicators of operating performance or any other measures of performance derived in accordance with U.S. GAAP. In evaluating our performance as measured by EBITDA, management recognizes and considers the limitations of this measurement. EBITDA and Adjusted EBITDA do not reflect our obligations for the payment of income taxes, interest expense or other obligations such as capital expenditures. Accordingly, EBITDA and Adjusted EBITDA are only two of the measurements that management utilizes. Other companies in our industry may calculate EBITDA or Adjusted EBITDA differently than we do and EBITDA and Adjusted EBITDA may not be comparable with similarly titled measures reported by other companies.

In our Equipment Leasing segment, we lease seismic data acquisition equipment primarily to seismic data acquisition companies conducting land, transition zone and marine seismic surveys worldwide. We provide short-term leasing of seismic equipment to meet a customer's requirements. All active leases at October 31, 2012 were for a term of less than one year. Seismic equipment held for lease is carried at cost, net of accumulated depreciation. We acquire some marine lease pool equipment from our Seemap segment. These amounts are reflected in the accompanying condensed consolidated financial statements at the cost to our Seemap segment, net of accumulated depreciation. From time to time, we sell lease pool equipment to our customers. These sales are usually transacted when we have equipment for which we do not have near term needs in our leasing business and if the proceeds from the sale exceed the estimated present value of future lease income from that equipment. We also occasionally sell new seismic equipment that we acquire from other companies and sometimes provide financing on those sales. As a result of our acquisition of AES, we produce, sell, and lease equipment used to deploy and retrieve seismic equipment with helicopters. In addition to conducting seismic equipment leasing operations, SAP sells equipment, consumables, systems integration, engineering hardware and software maintenance support services to the seismic, hydrographic, oceanographic, environmental, and defense industries throughout Southeast Asia and Australia.

Seismic equipment leasing is normally susceptible to weather patterns in certain geographic regions. In Canada and Russia, a significant percentage of the seismic survey activity occurs in winter months, from December or January through March or April. During the months in which the weather is warmer, certain areas are not accessible to trucks, earth vibrators and other heavy equipment because of unstable terrain. In other areas of the world, such as South America, Southeast Asia and the Pacific Rim, periods of heavy rain can impair seismic operations. These periods of heavy rain often occur during the months of February through May in parts of South America. We are able, in some cases, to transfer our equipment from one region to another in order to deal with seasonal demand and to increase our equipment utilization.

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Historically, our first fiscal quarter has produced the highest leasing revenues, due in large part to the effect of the Canadian and Russian winter seasons discussed above. With the expansion of our land leasing operations into other geographic areas, such as South America and Europe, and the recent strength of our marine leasing operations, we have recently seen a lessening of the seasonal variation in our leasing business. We do expect to continue to experience seasonal fluctuations, but such fluctuations may not be as great or as predictable as in the past.

Our leasing segment can also experience periodic fluctuations in activity levels due to matters unrelated to seasonal or weather factors. These factors include the periodic shift of seismic exploration activity from one geographic area to another and difficulties encountered by our customers due to permitting and other logistical challenges.

Our Seemap segment designs, manufactures and sells a variety of products used primarily in marine seismic applications. Seemap's primary products include (1) the GunLink seismic source acquisition and control systems, which provide marine operators more precise control of their exploration systems, and (2) the BuoyLink RGPS tracking system used to provide precise positioning of seismic sources and streamers (marine recording channels that are towed behind a vessel). Seemap's business is generally not impacted by seasonal conditions, as is the case with our land leasing operations. However, Seemap can experience significant fluctuations in its business. The timing of deliveries and sales is often dependent upon the availability of the customer's vessel for delivery and installation of the equipment. Given the relatively large size of some orders, this can result in significant variations from period to period.

Business Outlook

Our revenues 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. Land seismic data acquisition activity levels are measured in terms of the number of active recording crews, known as the "crew count," and the number of recording channels deployed by those crews, known as "channel count." Because an accurate and reliable census of active crews does not exist, it is not possible to make definitive statements regarding the absolute levels of seismic data acquisition activity. Furthermore, a significant number of seismic data acquisition contractors are either private or state-owned enterprises and information about their activities is not available in the public domain.

During fiscal 2012, we experienced a significant increase in our equipment leasing business. We believe the factors contributing to this increase include the following:

- Increased exploration activity driven by higher worldwide oil prices;
- Increased exploration activity for natural gas, driven in part by non-conventional sources, such as shale reservoirs;
- Our geographic expansion;
- An increase in the channel count on seismic surveys; and
- The additions we made to our lease pool of equipment.

Particular areas of improved leasing revenues included South American, North American and European land operations and our marine leasing business.

In the first nine months of fiscal 2013, leasing revenues have declined as compared to the same period of fiscal 2012, despite significant improvements in Canadian land rentals and marine rentals. We have experienced lower activity levels in certain other areas. Leasing activity in South America has been lower year to date in fiscal 2013 as compared to fiscal 2012. Weather difficulties, permitting issues and other project delays have all contributed to this decline. Recently, we have seen increased activity in South America as a few projects have commenced and our bid activity has improved. We anticipate a sequential improvement in South America over the next two fiscal quarters. Activity in Europe has also been lower during the first nine months of fiscal 2013 as compared to the same period in fiscal 2012. Political changes, fiscal issues and environmental concerns have, we believe, caused a delay in many energy projects in Eastern Europe, particularly non-conventional natural gas projects. Leasing revenues in the United States in the first nine months of fiscal 2013 declined from the first nine months of fiscal 2012, due to an overall slow-down in exploration activity in the United States. This slow-down has contributed to lower leasing revenues from our downhole seismic tools in fiscal 2013 as compared to fiscal 2012. We believe this slow-down is temporary based on our recent bid activity and backlog information reported by certain seismic contractors.

We have received a number of inquiries and requests from customers in Canada and Russia regarding equipment for the upcoming winter seasons. Based on these inquiries, we expect strong leasing revenues in these areas, which we believe will positively impact our financial results for the fourth quarter of fiscal 2013 and first quarter of fiscal 2014. Based upon these inquiries, we have repositioned certain equipment into these markets, including some equipment that was previously deployed in South America. Additionally, we have placed orders for additional equipment that will be deployed in Canada, the United States and South America. We expect that a significant portion of that equipment will be delivered and utilized in the fourth quarter of fiscal 2013.

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The majority of activity in the United States is taking place within various so called “shale plays,” which tend to be primarily natural gas reservoirs. Natural gas prices in North America have been depressed and some exploration companies have curtailed activity within these areas. If North American natural gas prices remain at or near recent levels, we could experience a decline in demand for our services in North America. In other parts of the world, such as Europe, natural gas prices are significantly higher than in North America. We believe that this may drive increased exploration around possible shale plays in other parts of the world, such as Eastern Europe, although we have not yet experienced a significant increase in demand for our services in this area. Environmental concerns and political and economic uncertainties may negatively impact the demand for our services in those areas.

The market for products sold by Seemap and the demand for the leasing of marine seismic equipment is dependent upon activity within the offshore, or marine, seismic industry, including the re-fitting of existing seismic vessels and the equipping of new vessels. Seemap has enjoyed increases in revenues over the past three fiscal years. Our Seemap business has benefited from equipping new-build vessels and from re-equipping older vessels with newer, more efficient technology. In addition, as Seemap has expanded its installed base of products, our business for replacements, spare parts, repair and support services has expanded. Certain existing and potential customers continue to express interest in our GunLink and BuoyLink products. Some of this interest involves the upgrade of exiting GunLink and BuoyLink products to newer versions or systems with greater functionality.

The oil and gas industry, in general, and the seismic industry, in particular, have historically been cyclical businesses. If worldwide oil and gas prices should decline from current levels, or if the expectations for future prices should change, we could see a material change in the level of our business.

Over the past several years, we have made significant additions to our lease pool of equipment, amounting to over \$170 million in equipment purchases during the five years ended January 31, 2012. By adding this equipment, we have not only expanded the amount of equipment that we have, but have also increased the geographic expanse of our leasing operations and have expanded the types of equipment that we have in our lease pool. In the nine months ended October 31, 2012, we added approximately \$26.5 million of equipment to our lease pool. However, a significant portion of this equipment has not yet been deployed and therefore has not contributed to our revenues during the first nine months of fiscal 2013. In the nine months ended October 31, 2011, we added about \$56.2 million of new lease pool equipment. Additions to our lease pool during all of fiscal 2012 amounted to approximately \$68.8 million.

In November 2012 we entered into equipment purchase agreements with Sercel related to its DSU3 three-component digital recording system and Unite cable-free recording system. These agreements are comparable to a series of prior agreements we have had with Sercel. Under the terms of the agreements, we are the exclusive third party provider of short-term leases for these two products throughout the world, except for China and the Commonwealth of Independent States. We have agreed to purchase minimum quantities of these products throughout the term of the agreements, which is through September 30, 2014, in the case of Unite, and December 31, 2013, in the case of DSU3.

We also have expanded the geographic breadth of our operations by acquiring or establishing operating facilities in new locations. In fiscal 2012, we established new leasing subsidiaries in Hungary and in Singapore and significantly expanded our operations in Colombia. We may seek to expand our operations into additional locations in the future either through establishing “green field” operations or by acquiring other businesses. However, we do not currently have specific plans to establish any such operations.

A significant portion of our revenues are generated from foreign sources. For the three months ended October 31, 2012 and 2011, revenues from international customers totaled approximately \$15.0 million and \$19.9 million, respectively. These amounts represent 81% and 71% of consolidated revenues in those periods, respectively. The majority of our transactions with foreign customers are denominated in United States, Australian, and Canadian dollars and Russian rubles. We have not entered, nor do we intend to enter, into derivative financial instruments for hedging or speculative purposes.

Our revenues and results of operations have not been materially impacted by inflation or changing prices in the past three fiscal years, except as described above.

Results of Operations

Revenues for the three months ended October 31, 2012 and 2011 were approximately \$18.6 million and \$28.0 million, respectively. The decrease was due primarily to decreased leasing revenues and Seemap sales. Revenues for the nine months ended October 31, 2012 and 2011 were approximately \$76.3 million and \$75.8 million, respectively. The decrease in leasing revenues in the three-month period reflects the changes in land leasing activity within the seismic industry as discussed above. For the three months ended October 31, 2012, we generated operating loss of approximately \$1.9 million and in the nine months ended October 31, 2012 we

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generated operating income of approximately \$11.1 million. This compares to operating income approximately \$8.4 million and \$20.0 million, respectively, for the three and nine months ended October 31, 2011. The decrease in operating profit in the three months ended October 31, 2012 as compared to the same period a year ago was due primarily to decreased leasing revenues and higher depreciation costs. A more detailed explanation of these variations follows.

Revenues and Cost of Sales

Equipment Leasing

Revenue and cost of sales from our Equipment Leasing segment were as follows:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2012	2011	2012	2011
	(\$ in thousands)		(\$ in thousands)	
Revenue:				
Equipment leasing	\$ 11,062	\$ 17,411	\$ 42,952	\$ 46,458
Lease pool equipment sales	1,873	2,442	7,409	3,103
New seismic equipment sales	181	611	619	1,013
SAP equipment sales	962	1,358	3,003	4,145
	<u>14,078</u>	<u>21,822</u>	<u>53,983</u>	<u>54,719</u>
Cost of sales:				
Direct costs-equipment leasing	1,664	2,365	6,546	6,348
Lease pool depreciation	8,314	7,404	25,276	20,217
Cost of lease pool equipment sales	1,341	519	3,752	723
Cost of new seismic equipment sales	111	336	358	559
Cost of SAP equipment sales	747	1,012	2,261	3,125
	<u>12,177</u>	<u>11,636</u>	<u>38,193</u>	<u>30,972</u>
Gross profit	<u>\$ 1,901</u>	<u>\$ 10,186</u>	<u>\$ 15,790</u>	<u>\$ 23,747</u>
Gross profit %	14%	47%	29%	43%

Equipment leasing revenues decreased approximately 36% in the third quarter of fiscal 2013 from the third quarter of fiscal 2012 due primarily to declines in land leasing the United States, and Europe, and a decline in downhole leasing. These declines were partially offset by higher leasing revenues from our marine leasing business. As discussed above, we have recently experienced a decline in leasing activity in the United States due to what we believe to be a temporary slow-down in exploration activity in that region. We believe that this has also contributed to the decline in our downhole leasing activity, as the majority of that business has historically been conducted in the United States. The decline in leasing revenues in Europe in the third quarter of fiscal 2013 compared to the same period last year is attributable in large part, we believe, to the environmental, economic and political issues discussed above. For the nine months ended October 31, 2012, leasing revenues were approximately 8% lower than in the nine months ended October 31, 2011. In addition to the factors impacting the third quarter comparison, lower leasing activity in South America during the nine month period of fiscal 2013 contributed to the decline. Leasing activity in South America, particularly Colombia, has been negatively impacted in the first nine months of fiscal 2013 due to project delays arising from weather and permitting difficulties. Higher activity in Canada land leasing and increased marine leasing activity partially offset the declines in both the three and nine month periods ended October 31, 2012.

From time to time, we sell equipment from our lease pool based on specific customer demand and as opportunities present themselves in order to redeploy our capital in other lease pool assets. Accordingly, these transactions tend to occur sporadically and are difficult to predict. Often, the equipment that is sold from our lease pool has been in service, and therefore depreciated, for some period of time. Accordingly, the equipment sold may have a relatively low net book value at the time of the sale, resulting in a relatively high gross margin from the transaction. The amount of the margin on a particular transaction varies greatly based primarily upon the age of the equipment. In the nine months ended October 31, 2012, we took advantage of opportunities to sell certain older equipment including approximately 7,000 land channels and other ancillary equipment. The gross profit from sales of lease pool equipment for the three months ended October 31, 2012 and 2011 was approximately \$532,000 and \$1.9 million, respectively. The gross profit from sales of lease pool equipment for the nine months ended October 31, 2012 and 2011 was approximately \$3.7 million and \$2.4 million, respectively.

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Periodically, we sell new seismic equipment that we acquire from others. On occasion, these sales may be structured with a significant down payment and the balance financed over a period of time at a market rate of interest. These sales are also difficult to predict and do not follow any seasonal patterns. Also, we regularly sell heli-picker equipment that we produce. The gross profit from sales of new seismic equipment for the three months ended October 31, 2012 and 2011 was approximately \$70,000 and \$275,000, respectively. For the nine months ended October 31, 2012 and 2011, the gross profit from the sale of new equipment was approximately \$261,000 and \$454,000, respectively.

SAP regularly sells new hydrographic and oceanographic equipment and provides system integration services to customers in Australia and throughout the Pacific Rim. For the fiscal quarter ended October 31, 2012, SAP generated gross profit of approximately \$215,000 from these transactions as compared to approximately \$346,000 in the fiscal quarter ended October 31, 2011. For the nine months ended October 31, 2012 and 2011, the gross profit from the sale of new hydrographic and oceanographic equipment was approximately \$742,000 and \$1.0 million, respectively. Sales of equipment by SAP can vary significantly from period to period based upon the delivery requirements of customers, which are often times governmental agencies in the Pacific Rim.

Direct costs related to equipment leasing were approximately 15% and 14% of leasing revenues in the three months ended October 31, 2012 and 2011, respectively. In the nine months ended October 31, 2012 and 2011, the percentage of direct costs to leasing revenues was approximately 15% and 14%, respectively. The increase in the percentages in the fiscal 2013 periods reflects costs to reposition certain equipment into different geographic markets and the cost to sub-lease certain equipment, as well as higher transportation and importation costs.

For the three months ended October 31, 2012, lease pool depreciation increased approximately 15% over the three months ended October 31, 2011. For the nine months ended October 31, 2012 lease pool depreciation increased approximately 25% over the nine months ended October 31, 2011. The increases in lease pool depreciation resulted from the additions we made to our lease pool in fiscal 2012. When new lease pool equipment is placed in service (first deployed on a rental contract) we begin to depreciate that equipment on a straight-line basis over estimated depreciable lives ranging from three to seven years. Therefore, in periods of lower equipment utilization, we experience depreciation expense that is disproportionate to our equipment leasing revenues. In April 2012, we purchased approximately \$15.0 million of used lease pool equipment. Because the equipment was used, we immediately began to depreciate this equipment. A significant portion of this equipment has not been deployed on a contract, although we expect to deploy the equipment in the fourth quarter of fiscal 2013.

Overall, our Equipment Leasing segment generated gross profit of approximately \$1.9 million in the third quarter of fiscal 2013 and \$15.8 million in the first nine months of fiscal 2013, as compared to approximately \$10.2 million in the third quarter of fiscal 2012 and \$23.7 million in the first nine months of fiscal 2012. The decrease in gross profit in the fiscal 2013 periods results primarily from decreased leasing revenue and increased lease pool depreciation.

Seamap

Revenues and cost of sales from our Seamap segment were as follows:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2012	2011	2012	2011
	(\$ in thousands)		(\$ in thousands)	
Equipment sales	\$4,839	\$ 6,743	\$23,134	\$22,009
Cost of equipment sales	2,052	2,485	10,065	9,041
Gross profit	<u>\$2,787</u>	<u>\$ 4,258</u>	<u>\$13,069</u>	<u>\$12,968</u>
Gross profit %	58%	63%	56%	59%

The sale of Seamap products, while not generally impacted by seasonal factors, can vary significantly from quarter to quarter due to customer delivery requirements. In the three months ended October 31, 2012, Seamap did not ship any major system, as all revenues related to the sale of other products and spare parts as well as support, training and repair services. In the three months ended October 31, 2011, Seamap shipped one GunLink 4000 system and no BuoyLink systems. For the nine months ended October 31, 2012, Seamap shipped three GunLink 4000 systems and three BuoyLink systems. During the nine months ended October 31, 2011, Seamap shipped four GunLink 4000 systems and four BuoyLink systems. Revenue in both periods also includes the sale of

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certain other equipment, such as streamer weight collars, and providing on-going support and repair services, as well as spare parts sales. Changes in product prices did not contribute materially to the difference in sales between the periods.

The gross profit margin from the sale of Seemap equipment for the three and nine months ended October 31, 2012 was comparable to that for the three and nine months ended October 31, 2011.

Operating Expenses

General and administrative expenses for the three months ended October 31, 2012 were approximately \$5.9 million, compared to approximately \$5.0 million for the three months ended October 31, 2011. For the nine months ended October 31, 2012, general and administrative expenses were approximately \$16.9 million compared to approximately \$15.4 million in the nine months ended October 31, 2011. The increases in the fiscal 2013 periods reflect the cost of our expanded operations in Colombia, Singapore and Hungary. Specific areas of increased costs include personnel costs, facilities costs, professional fees and insurance costs. Included in general and administrative expenses for the three and nine months ended October 31, 2012 is stock based compensation expense of approximately \$259,000 and \$1.3 million, respectively. For the three and nine months ended October 31, 2011, stock based compensation expense was approximately \$196,000 and \$1.1 million, respectively.

In the three months ended October 31, 2011, we recorded a provision for doubtful accounts receivable of approximately \$679,000. In the nine months ended October 31, 2012, we had recoveries of accounts receivable previously considered uncollectable totaling approximately \$443,000.

Other Income (Expense)

Net interest income for the three months ended October 31, 2012 amounted to approximately \$79,000, consisting of interest expense of approximately \$121,000, which was offset by interest income of approximately \$198,000. Net interest expense for the three months ended October 31, 2011 amounted to approximately \$25,000, consisting of interest expense of approximately \$92,000, which was offset by interest income of approximately \$67,000. For the nine months ended October 31, 2012, net interest expense amounted to approximately \$22,000, and consisted of interest expense of approximately \$447,000 and interest income of approximately \$425,000. For the nine months ended October 31, 2011, net interest expense amounted to approximately \$295,000, and consisted of interest expense of approximately \$595,000 and interest income of approximately \$300,000. Interest income is derived from the temporary investment of cash balances and from finance charges related to equipment sales transactions with deferred payment provisions and note receivable. Interest expense relates primarily to borrowings under our revolving credit facility.

Other income and other expense relate primarily to foreign exchange losses and gains incurred by our foreign subsidiaries. These subsidiaries have functional currencies other than the U.S. dollar but in many cases hold U.S. dollar cash balances and have accounts receivable and accounts payable denominated in U.S. dollars. As the U.S. dollar fluctuates in value against each subsidiary's functional currency, the subsidiary can incur a foreign exchange gains or loss, although the value of these amounts in our consolidated financial statements may not have changed materially. During the three and nine months ended October 31, 2012 our subsidiaries in Canada, the United Kingdom and Singapore held significant net assets that were denominated in U.S. dollars. During these periods the U.S. dollar strengthened against the Canadian dollar, the pound sterling and the Singapore dollar, resulting in foreign exchange losses for each of these subsidiaries. Accordingly, in the three and nine months ended October 31, 2012, we recorded foreign exchange losses of approximately \$395,000 and \$1.0 million, respectively. In the three months ended October 31, 2011, we recorded a foreign exchange gain of approximately \$680,000.

Provision for Income Taxes

Our tax provision for the three months ended October 31, 2012 was a benefit of approximately \$1.0 million, which is an effective tax rate of approximately 44%. For the three months ended October 31, 2011, our tax provision was approximately \$2.3 million, which is an effective tax rate of approximately 25%. For the nine months ended October 31, 2012, our tax provision was a benefit of approximately \$3.5 million. A significant portion of this benefit arose from the effect of the settlement with the Canadian Revenue Authority and the Internal Revenue Service regarding our request for competent authority assistance for matters arising from an audit of our Canadian income tax returns for the years ended January 31, 2004, 2005 and 2006. Due to the settlement, we have recognized the benefit of certain tax positions and have reversed previous estimates of potential penalties and interest. The total benefit arising from the settlement and related matters amounts to approximately \$5.3 million. Without the benefit discussed above, our tax provision for the nine months ended October 31, 2012 would have been approximately \$1.8 million, or an effective rate of approximately 18%, which is our estimated effective tax rate for all of fiscal 2013. For the nine months ended October 31, 2011, our tax provision was approximately \$5.5 million, which is an effective rate of approximately 28%. Our effective tax rate is less than the United States

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statutory rate primarily due to the effect of lower tax rates in foreign jurisdictions. The reduction in effective rates in the fiscal 2013 periods reflects our decision to permanently reinvest certain earnings of our foreign subsidiaries outside of the United States, and therefore no United States taxes are provided for these earnings at the United States rate.

Liquidity and Capital Resources

As of October 31, 2012, we had working capital of approximately \$56.2 million, including cash and cash equivalents and restricted cash of approximately \$24.1 million, as compared to working capital of approximately \$41.3 million, including cash and cash equivalents and restricted cash of approximately \$15.4 million, at January 31, 2012. The increase in working capital resulted primarily from net income generated in the first nine months of fiscal 2013.

Net cash provided by operating activities was approximately \$36.1 million in the first nine months of fiscal 2013 as compared to approximately \$28.4 million in the first nine months in fiscal 2012. This increase resulted primarily from the increase in net income, collection of accounts receivable and the effect of higher non-cash depreciation expenses in the fiscal 2013 period.

Net cash flows used in investing activities for the nine months ended October 31, 2012 included purchases of seismic equipment held for lease totaling approximately \$35.5 million, as compared to approximately \$41.0 million in the nine months ended October 31, 2011. There was approximately \$835,000 in accounts payable at October 31, 2012 related to lease pool purchases. At January 31, 2012, there was approximately \$9.9 million in accounts payable related to lease pool purchases. Accordingly, additions to our lease pool amounted to approximately \$26.5 million in the first nine months of fiscal 2013, as compared to approximately \$56.2 million in the first nine months of fiscal 2012. As of October 31, 2012, we had commitments for the purchase of lease pool equipment totaling approximately \$3.8 million. Subsequent to October 31, 2012, we have issued purchase orders for lease pool equipment totaling approximately \$5.6 million and we expect to make additional purchases of lease pool equipment in fiscal 2013. We expect additions to our lease pool for all of fiscal 2013 to total between \$35 million and \$40 million. We expect to fund these acquisitions with a combination of cash on hand, cash flow generated from operating activities and proceeds from our revolving credit facility.

In the first nine months of fiscal 2013, proceeds from the sale of lease pool equipment totaled approximately \$7.4 million, compared to approximately \$3.1 million in the first nine months of fiscal 2012. We generally do not seek to sell our lease pool equipment on a regular basis, but may do so from time to time. In particular, we may sell lease pool equipment in response to specific demand from customers if the selling price exceeds the estimated present value of projected future leasing revenue from that equipment. Accordingly, cash flow from the sale of lease pool equipment is unpredictable.

Net cash provided by financing activities was approximately \$74,000 in the first nine months of fiscal 2013 compared to approximately \$11.8 million in the first nine months of fiscal 2012. During the nine months ended October 31, 2012, we had net borrowings of approximately \$650,000 on our revolving credit facility. During this period, we also made installment payments of approximately \$750,000 related to the notes given to the sellers of AES, installment payments of approximately \$638,000 pursuant to a promissory note issued in October 2010 related to the purchase of certain equipment and payments of approximately \$140,000 on other obligations. During the nine months ended October 31, 2011, our net repayments on our revolving credit facility were approximately \$17.7 million, and installment payments related to the AES notes and the equipment purchase notes totaled approximately \$2.6 million. The payments on our revolving credit facility during the nine months ended October 31, 2011 were funded from the proceeds of our common stock offering which was completed in June 2011. Net proceeds from this offering were approximately \$31.0 million. During the nine months ended October 31, 2012, we received approximately \$331,000 upon the exercise of stock options as compared to approximately \$788,000 during the nine months ended October 31, 2011.

In August 2012, we amended our revolving credit facility with First Victoria Bank (the "Bank") as follows:

- Increased the amount available for borrowing to \$50 million, from \$35 million, subject to a borrowing base;
- Extended the maturity of the facility to August 31, 2015;
- Set the interest rate at the prime rate, subject to a floor of 3.25%, which was the prime rate as of August 31, 2012 (the previous rate was the prime rate plus 0.50% with no floor);
- Increased the amount of available borrowings which can be used to secure letters of credit to \$10.0 million from \$7.0 million;
- Increased the limitation on other allowed debt to \$10.0 million, from \$1.0 million; and
- Allows the guaranty of subsidiary debt of up to \$5.0 million without the prior consent of the Bank.

Amounts available for borrowing are determined by a borrowing base. The borrowing base is computed based

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upon eligible accounts receivable and eligible lease pool assets. Based upon a calculation of the borrowing base as of October 31, 2012, we believe \$50.0 million of borrowings under the amended facility are available to us as of that date, less any outstanding amounts as described below. As of December 4, 2012, we had approximately \$13.5 million outstanding under the facility and \$3.0 million of the facility had been reserved to support outstanding letters of credit. Accordingly, approximately \$33.5 million was available for borrowing under the facility as of that date. The revolving credit facility is secured by essentially all of our domestic assets. Interest is payable monthly.

The revolving credit facility contains certain financial covenants that require us, among other things, to maintain a debt to shareholders' equity ratio of no more than 0.7 to 1.0, maintain a current assets to current liabilities ratio of not less than 1.25 to 1.0 and produce EBITDA of not less than \$2.0 million. As indicated by the following chart, we were in compliance with all financial covenants as of October 31, 2012:

Description of Financial Covenant	Required Amount	Actual as of October 31, 2012 or for the period then ended
Ratio of debt to shareholder's equity	Not more than 0.7:1.0	0.08:1.0
Ratio of current assets to current liabilities	Not less than 1.25:1.0	8.22:1.0
Quarterly EBITDA	Not less than \$2.0 million	\$6.4 million

Under the terms of the revolving credit facility, we may convert any outstanding balances into a series of 48-month notes. We do not currently anticipate utilizing this option, but if we were to do so we would be required to make 48 equal monthly payments to amortize those notes. As of October 31, 2012, there was approximately \$13.2 million outstanding under this facility. If we were to convert the entire amount into 48-month notes, our required monthly principal payments would be approximately \$275,000. We would also be required to make monthly interest payments on the remaining principal balance at the then prime rate, 3.25% at October 31, 2012. Our average borrowing levels under our revolving credit facility were approximately \$14.1 million and \$12.7 million for the nine months ended October 31, 2012 and 2011, respectively.

We have entered into equipment purchase agreements with Sercel whereby we have agreed to purchase minimum quantities of certain products throughout the terms of the agreements. We estimate the total value of this equipment to be approximately \$22.0 million, of which we have currently placed orders for totaling approximately \$9.4 million.

We believe that the working capital requirements, contractual obligations and expected capital expenditures discussed above, as well as our other liquidity needs for the next twelve months, can be met from cash on hand, cash flows provided by operations and from amounts available under our revolving credit facility discussed above. However, we may seek other sources of capital, such as debt or equity financing, in order to fund additional purchases of lease pool equipment and our continued global expansion. In April 2012, we filed with the SEC a shelf registration statement, pursuant to which we may issue from time to time up to \$150 million in common stock, warrants, preferred stock, debt securities or any combination thereof.

As of October 31, 2012, we had deposits in foreign banks consisting of both United States dollar and foreign currency deposits equal to approximately \$24.0 million. These funds may generally be transferred to our accounts in the United States without restriction; however, we have determined that the undistributed earnings of our foreign

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subsidiaries have been permanently reinvested outside of the United States and, therefore, we do not anticipate repatriating these funds to the United States. If we were to transfer these undistributed earnings to the United States, we would likely incur additional income taxes in the United States which are not currently reflected in our consolidated financial statements. In addition, the transfer of these funds may result in withholding taxes payable to foreign taxing authorities. Any such withholding taxes generally may be credited against our federal income tax obligations in the United States. As of October 31, 2012 net inter-company indebtedness of our foreign subsidiaries to the parent company amounted to approximately \$9,300,000. These amounts can generally be transferred to the United States without the adverse tax consequences discussed above.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk, which is the potential loss arising from adverse changes in market prices and rates. We have not entered, or intend to enter, into derivative financial instruments for hedging or speculative purposes.

Foreign Currency Risk

We operate in a number of foreign locations, which gives rise to risk from changes in foreign exchange rates. To the extent possible, we attempt to denominate our transactions in foreign locations in United States dollars. For those cases in which transactions are not denominated in United States dollars, we are exposed to risk from changes in exchange rates to the extent that non-United States dollar revenues exceed non-United States dollar expenses related to those operations. Our non-United States dollar transactions are denominated primarily in Canadian dollars, Australian dollars, Singapore dollars and Russian rubles. As a result of these transactions, we generally hold cash balances that are denominated in these foreign currencies. At October 31, 2012, our consolidated cash and cash equivalents included foreign currency denominated amounts equivalent to approximately \$8.8 million in United States dollars. A 10% increase in the value of the United States dollar as compared to the value of each of these currencies would result in a loss of approximately \$880,000 in the United States dollar value of these deposits, while a 10% decrease would result in an equal amount of gain. We do not currently hold or issue foreign exchange contracts or other derivative instruments as we do not believe it is cost efficient to attempt to hedge these exposures.

Some of our foreign operations are conducted through wholly-owned foreign subsidiaries or branches that have functional currencies other than the United States dollar. We currently have subsidiaries whose functional currencies are the Canadian dollar, British pound sterling, Australian dollar, Russian ruble, Colombian peso, the euro and the Singapore dollar. Assets and liabilities from these subsidiaries are translated into United States dollars at the exchange rate in effect at each balance sheet date. The resulting translation gains or losses are reflected as accumulated other comprehensive income (loss) in the shareholders' equity section of our consolidated balance sheets. Approximately 73% of our net assets as of October 31, 2012 were impacted by changes in foreign currencies in relation to the United States dollar.

Interest Rate Risk

As of October 31, 2012, there was approximately \$13.2 million outstanding under our revolving credit facility. This facility contains a floating interest rate based on the prime rate, which was 3.25% as of October 31, 2012. Assuming the outstanding balance remains unchanged, a change of 100 basis points in the prime rate would result in an increase in annual interest expense of approximately \$135,000. We have not entered into interest rate hedging arrangements in the past, and have no plans to do so in the future. Due to fluctuating balances in the amount outstanding under this facility, we do not believe such arrangements to be cost effective.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon the evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of October 31, 2012 at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There was no change in our system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended October 31, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

From time to time, we are a party to legal proceedings arising in the ordinary course of business. We are not currently a party to any legal proceedings, individually or collectively, that we believe could have a material adverse effect on our results of operations or financial condition.

Item 1A. Risk Factors

The Risk Factors included in our Annual Report on Form 10-K for the year ended January 31, 2012 have not materially changed.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibits

The exhibits required to be filed pursuant to the requirements of Item 601 of Regulation S-K are set forth in the Exhibit Index accompanying this Form 10-Q and are incorporated herein by reference.

SIGNATURES

Pursuant to the requirements 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.

Date: December 5, 2012

MITCHAM INDUSTRIES, INC.

/s/ Robert P. Capps

Robert P. Capps

Executive Vice President-Finance and Chief Financial Officer

(Duly Authorized Officer and Chief Accounting Officer)

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EXHIBIT INDEX

Each exhibit identified below is part of this Form 10-Q. Exhibits filed (or furnished in the case of Exhibit 32.1 and Exhibits 101) with this Form 10-Q are designated by the cross symbol (†). All exhibits not so designated are incorporated herein by reference to a prior filing as indicated.

<u>Exhibit Number</u>	<u>Document Description</u>	<u>Report or Registration Statement</u>	<u>SEC File or Registration Number</u>	<u>Exhibit Reference</u>
3.1	Amended and Restated Articles of Incorporation of Mitcham Industries, Inc.	Incorporated by reference to Mitcham Industries, Inc.'s Registration Statement on Form S-8, filed with the SEC on August 9, 2001.	333-67208	3.1
3.2	Third Amended and Restated Bylaws of Mitcham Industries, Inc.	Incorporated by reference to Mitcham Industries, Inc.'s Current Report on Form 8-K, filed with the SEC on August 2, 2010.	000-25142	3.1(i)
10.1†	Equipment Purchase Agreement dated November 6, 2012 between Mitcham Industries, Inc. and Sercel S.A.			
10.2†	Equipment Purchase Agreement dated November 6, 2012 between Mitcham Industries, Inc. and Sercel Inc.			
31.1†	Certification of Billy F. Mitcham, Jr., Chief Executive Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended			
31.2†	Certification of Robert P. Capps, Chief Financial Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended			
32.1†	Certification of Billy F. Mitcham, Jr., Chief Executive Officer, and Robert P. Capps, Chief Financial Officer, under Section 906 of the Sarbanes Oxley Act of 2002, 18 U.S.C. § 1350			
101.INS†*	XBRL Instance Document			
101.SCH†*	XBRL Taxonomy Extension Schema Document			
101.CAL†*	XBRL Taxonomy Extension Calculation of Linkbase Document			
101.DEF†*	XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB†*	XBRL Taxonomy Extension Label Linkbase Document			
101.PRE†*	XBRL Taxonomy Extension Presentation Linkbase Document			

* In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act except as expressly set forth by specific reference in such filing.

EQUIPMENT PURCHASE AGREEMENT

DSU

This Exclusive Equipment Purchase Agreement (the "Agreement") is entered into as of the 6th day of November, 2012 (the "Effective Date") between Mitcham Industries, Inc., a corporation organized under the laws of Texas, USA ("MITCHAM"), and SERCEL S.A, a corporation organized under the laws of France ("SERCEL"), which parties agree as follows:

0. DEFINITIONS AND INTERPRETATION

In this Agreement, the following terms have the meanings set forth below, which shall be equally applicable to both the singular and the plural form:

- i. "Affiliate" shall mean with respect to any person, any other person directly or indirectly controlling, controlled by or under common control with the first person. For the purposes of this Agreement, "control," when used with respect to any Person, means the possession, directly or indirectly, of the power to vote fifty percent (50%) or more of the securities having ordinary voting power for the election of directors (or comparable positions) of such person or any one or more business entities which are: (a) owned or controlled by, (b) owning or controlling, or (c) owned or controlled by the business entity owning directly or indirectly, at least fifty percent (50 %) of the voting stock ordinarily entitled to vote in the election of directors. In the case of SERCEL, "Affiliate" shall be further limited to business entities, which are engaged in the manufacturing of seismic equipment and shall exclude Sercel Inc.
- ii. "Agreement" shall mean the present agreement (including the Schedules) as amended in writing from time to time.
- iii. "Effective Date" shall mean October 1st 2012
- iv. "MITCHAM" shall mean Mitcham Industries Inc., and its Affiliates engaged in the rental, lease, and sales of seismic data acquisition systems and equipment throughout the world.
- v. "Parties" shall mean MITCHAM and SERCEL; "Party" shall mean one of them.
- vi. "Products" shall mean any DSU3-428 product, as more fully described in Schedule 1.
- vii. "Territory" shall mean the World except (i) mainland China and (ii) Commonwealth of Independent States including without limitation Azerbaijan, Kazakhstan, Turkmenistan, and Uzbekistan ("CIS").
- viii. "SERCEL" shall mean Sercel and its Affiliates, engaged in the manufacture and marketing of seismic equipment, excluding Sercel Inc.
- ix. "Year" shall mean one 365-day period commencing on the Effective Date.

1. Introduction.

SERCEL and certain of its Affiliates design, manufacture and market fully-configured seismic data acquisition systems (the "SERCEL Systems"). At the present time, SERCEL and certain of its Affiliates manufacture equipment including the Products. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged for all purposes, MITCHAM and SERCEL agree to the terms set forth herein.

2. Exclusive Authorized Third Party Lessor.

(a) MITCHAM hereby represents to SERCEL that MITCHAM has the necessary skills, experience, personnel, facilities and equipment to effectively perform its responsibilities as described in the Agreement. In reliance upon that representation, SERCEL hereby appoints MITCHAM as the exclusive authorized lessor of the Products throughout the Territory and as the non-exclusive authorized lessor throughout the CIS; except that MITCHAM shall not offer financing leases or leases equal to or greater than one year duration except with SERCEL's prior written consent. This Agreement does not allow MITCHAM to act as distributor, agent, commercial representative or reseller of brand-new Products.

The exclusivity herein granted is expressly subject to the compliance by MITCHAM with its yearly minimum purchase requirement under article 4 herein and with other yearly minimum purchase requirements subscribed by MITCHAM under the Equipment purchase agreement applicable to other products.

(b) During the term of this Agreement, SERCEL and/or any Affiliate shall remain free to perform, directly or indirectly, with any third party any lease purchase or operating lease with a term greater than or equal to six (6) months or any financial lease. The Parties acknowledge that the purpose of this Agreement is the purchase of Products by MITCHAM.

(c) For the avoidance of doubt, MITCHAM will not rent the DSU3-428 system for use in mainland China to any seismic contractor that is owned or controlled by Chinese nationals without SERCEL's prior written consent.

(d) During the term of the Agreement, in the event that a third party makes inquiry of SERCEL as to the possibility of pure operating lease in respect of any of the Products anywhere in the Territory for a term less than six (6) months, then and upon each inquiry, SERCEL shall contact MITCHAM (by phone, email or letter) and explain in reasonable detail the identity of the third party, and MITCHAM shall promptly contact such third party and negotiate the terms of the proposed lease. Mitcham shall have discretion to accept or reject any third party referred by SERCEL for leasing as a result of (i) possessing an insufficient amount of the Products for lease to such third party (provided, however, the continued failure of MITCHAM to maintain a sufficient amount of products to satisfy demand could be evidence that MITCHAM is not actively promoting the leasing of Products, as required hereunder unless caused by the failure of SERCEL to deliver Products to MITCHAM), (ii) reasonably apparent credit risk or any other reasonable business-related factor, or (iii) inability to reach agreement on the terms of such lease. Notwithstanding the previous sentence, MITCHAM shall use commercially reasonable best efforts to service every third party referred by SERCEL for leasing. MITCHAM shall be deemed to have rejected such a third party as a result of inability to agree on the terms within fifteen (15) business days of

such third party's first contact by MITCHAM with regard to such proposed lease. SERCEL may then respond to this one time business opportunity in any means it sees fit. If SERCEL leases to such third party, then SERCEL shall have the right to continue to lease to such third party after the term of the initial lease; provided, however, that if (x) the lease between such a third party and SERCEL shall terminate, (y) the leased Product is returned to SERCEL, and/or (z) such third party shall later make an inquiry concerning leasing of the Products, SERCEL shall again follow the procedure set forth in this Sub-Section (d); and provided further that when such lease ends, SERCEL will offer to sell any Products leased thereunder to MITCHAM, on mutually agreed terms. The purchase of these products will not count toward the minimum purchase commitment made by MITCHAM to SERCEL in this agreement.

(e) SERCEL will have the right to operate a pool of equipment dedicated to "lease with option to purchase" agreements based on minimum initial rental periods of six (6) months or greater. Equipment from this pool may subsequently be re-rented to clients for periods less than six (6) months.

(f) In no event shall either SERCEL or MITCHAM have any right to require that the other party charge any specific price or follow any pricing guidelines or establish or require any other specific or general term with regard to the leasing of any of the Products, or the provision of any other good or service by either of them. Notwithstanding the foregoing, MITCHAM shall use its commercially reasonable best efforts to have a reasonable quantity of the Products available for lease at prices which MITCHAM believes reflects the supply of and demand for the Products.

3. Purchase of Products from SERCEL.

(a) Subject to the other provisions of this Agreement, MITCHAM agrees that it will purchase from SERCEL and SERCEL agrees that it will sell to MITCHAM, all of the Products necessary to meet MITCHAM's obligations under each lease as provided herein. The terms and conditions of purchases by MITCHAM of the Products hereunder shall be governed by SERCEL's general terms and conditions, a copy of which is attached hereto as Schedule 2(a); provided, however, that in the event of any conflict between the terms of such terms hereof, the terms of the Agreement shall prevail. SERCEL may update Schedule 2(a) from time to time after written notice to MITCHAM.

(b) MITCHAM shall receive the discounts set forth on Schedule 2(b) with regard to the Products ordered by MITCHAM in each order, subject to adjustment agreed to by the parties pursuant to paragraph 3(c) herein.

(c) The Parties acknowledge that SERCEL's prices for the products are based on discounts offered by SERCEL based on volume.

(d) Delivery is Ex-Works SERCEL plant(s). Packing charges will be quoted to MITCHAM and the purchase order received from MITCHAM will reflect the full value of the quotation including packing charges. MITCHAM may instruct SERCEL at their discretion to include freight and insurance in the proposal. This will be quoted at SERCEL's cost plus a handling fee of ten percent (10%).

(e) SERCEL reserves the right to increase prices of product and repair services up to five percent (5%) per year. This only includes products and repair services that involve SERCEL manufactured products. Out sourced services and products will be increased at a proportionate level to increases imposed on SERCEL.

4. Minimum Purchase Requirements for DSU3-428.

(a) Subject to the terms hereof, MITCHAM will issue a purchase order for 5000 DSU3-428 within two weeks of signing this agreement. This purchase order will be called "Master PO". Subsequently, MITCHAM will issue purchase orders which reference the relevant Master PO to draw against the 5000 DSU3-428. These purchase orders will be called "Supply PO's" and will apply toward the minimum purchase requirements in section 4(b) herein. Supply PO's may be issued by any MITCHAM Affiliate and will be directed to the appropriate SERCEL Affiliate as directed by SERCEL. In the event that MITCHAM does not purchase Products from SERCEL via Supply PO's under this Agreement in an amount that satisfies the Minimum Purchase Requirements (set forth in section 4(b)), at SERCEL's option but subject to Section 4(c) below, SERCEL may terminate this Agreement on 30 days written notice; and upon such termination MITCHAM shall not be obligated to purchase any Products other than the Products that it has ordered prior to the effective date of such termination or SERCEL may terminate the exclusivity granted to MITCHAM without terminating the whole Agreement.

(b) For purposes hereof, the term "Minimum Purchase Requirement" shall mean Products purchased and delivered to MITCHAM via Supply PO's from SERCEL as follows:

From October 1, 2012 to December 31, 2012: purchase of 2,500 DSU3-428. From January 1, 2013 to December 31, 2013: purchase of 2,500 DSU3-428

(c) Notwithstanding anything herein to the contrary, in the event that a Minimum Purchase Requirement is not satisfied by MITCHAM in any period ending before December 31, 2012, this Agreement may not be terminated by SERCEL due to such failure if MITCHAM meets the Minimum Purchase Requirement for the subsequent period but SERCEL may, at its sole option, terminate the exclusivity granted.

(d) For purposes of determining whether MITCHAM has satisfied the Minimum Purchase Requirement, Products purchased by MITCHAM shall include Products ordered by MITCHAM via Supply PO's regardless of when such Products are delivered so long as such Products are ordered before 75 days of the end of a period and paid for in accordance with the terms and conditions set forth in Schedule 2(a). If MITCHAM orders within the specified period and SERCEL is not able to deliver due to manufacturing delivery issues, there will be no penalty against MITCHAM and such orders will be applied to satisfy the Minimum Purchase Requirement. In the event MITCHAM purchases more than the Minimum Purchase Requirement in any given period, such excess shall be applied in meeting the Minimum Purchase Requirement for any subsequent period.

5. Third Party Replacement Parts. Any use of replacement parts that have not been qualified by SERCEL will give SERCEL the right, in any case, to cancel any warranty remaining on the equipment for which such unqualified parts are used.

6. Resale of Purchased Equipment by MITCHAM. Without SERCEL's prior written consent, MITCHAM hereby agrees that it will not sell any of the Products purchased under this Agreement until a period of three (3) years from the date it received the relevant Product. Without limiting the foregoing, MITCHAM may approach SERCEL with a lease to purchase or sales opportunity for equipment purchased hereunder, and SERCEL may then grant MITCHAM the right to pursue that opportunity. Notwithstanding anything to the contrary contained in this Agreement, MITCHAM is not, in any case, entitled to sell within or outside mainland China any of the Products purchased under this Agreement to any seismic contractor owned or controlled by Chinese nationals.

7. Provision of Certain Goods and Services by SERCEL. SERCEL hereby agrees that MITCHAM shall have the right to send a reasonable number of its employees and representatives of its customers who lease the Products from MITCHAM to such technical, training, operations and maintenance classes as SERCEL provides to SERCEL's customers who lease or purchase the Products from SERCEL, at SERCEL standard rates. SERCEL will provide MITCHAM (4) four free training courses per year to be used for any of the SERCEL training courses. This does not include the cost of travel, lodging, food or incidental expenses. SERCEL hereby agrees to send to MITCHAM such quantities of all manuals and selling information, marketing brochures and literature regarding the Products (other than proprietary information) as SERCEL develops and as MITCHAM shall reasonably request in connection with its leasing activities, at no charge to MITCHAM. SERCEL's current training price schedule can be changed any anytime as long as MITCHAM is so notified 30 days in advance.

8. Warranty and Service.

(a) Warranty terms of the Sercel general terms and conditions of sale will apply to the Products purchased by MITCHAM under this Agreement.

(b) In no event shall MITCHAM have any authority whatsoever, express or implied, to make warranties other than those provided for herein without prior written permission from the SERCEL.

9. Maintenance and Repair of the Products.

(a) MITCHAM and SERCEL acknowledge that third party lessees of the Products from MITCHAM may return the leased Products directly to SERCEL after the termination of such third party's leases. In such event, SERCEL shall perform its standard maintenance check of such Products and inform MITCHAM of any necessary repairs.

(b) The maintenance checks and the repairs performed by SERCEL on the Products received from the lessees shall be invoiced by SERCEL to MITCHAM at the SERCEL standard price. With respect to the repair undertaken by SERCEL, MITCHAM will be entitled to a discount on the repair pricing listed herein on attached *Schedule 3*. MITCHAM shall also pay the reasonable and ordinary freight and storage charges incurred by SERCEL with respect to such Products.

(c) Following such maintenance check and needed repairs, SERCEL shall ship such Products to MITCHAM at MITCHAM's expense to a location designated by MITCHAM.

10. Right to Use Name. MITCHAM shall have the right during the Term of this Agreement to (i) identify itself as the third party lessor of the Products, (ii) use all SERCEL trademarks and tradenames related to the Products that MITCHAM leases to third parties in advertisements and promotional materials; provided, however, that MITCHAM shall obtain the prior written approval of SERCEL to any such advertisements and promotional materials. No rights to manufacture are granted by this Agreement and such SERCEL trademarks and tradenames related to the Products are and shall remain the sole and exclusive property of SERCEL and MITCHAM shall have no rights therein other than as specifically set forth in this Agreement.

11. Relationship of the Parties. Neither MITCHAM nor SERCEL shall have any liability for leases or sales of any of the Products by the other. This Agreement shall not be construed as creating an agency, partnership or joint venture between MITCHAM and SERCEL. Neither MITCHAM nor SERCEL (or any of their employees or representatives) shall be construed as an agent, consultant or employee of the other for any purpose. MITCHAM shall not have the authority to bind SERCEL in any respect, it being intended that MITCHAM shall act as an independent contractor and not as an agent, with the understanding that SERCEL shall not be responsible for any obligations and/or liabilities incurred by MITCHAM in connection with its business activities.

12. Term of Agreement. Unless sooner terminated in accordance with the provisions hereof, this Agreement shall be effective from the Effective Date through December 31, 2013 (the "Term"). This Agreement may only be renewed through written agreement of both Parties.

13. No Effect on Right to Sell.

(a) This Agreement shall not be construed to have any effect on SERCEL's rights to sell (as opposed to lease) its products and services to any party, except that SERCEL shall not knowingly sell any of the Products to any party that will lease the Products in the Territory.

(b) This Agreement shall not be construed to have any effect on MITCHAM's rights to sell any other products or services to any party, except as otherwise provided for in this Agreement.

14. Indemnity. SERCEL and MITCHAM hereby agree to the following indemnification obligations:

(a) MITCHAM shall defend, indemnify and hold harmless SERCEL, Affiliates, its agents, employees and/or officers (the "SERCEL Indemnitees") from and against any and all third party's claims including MITCHAM's customers, costs (including attorney's fees) and expenses arising out of any injury, damage of any kind whatsoever howsoever caused whether in contract, tort (negligence included) or breach of duty including contractual or statutory duty by SERCEL or otherwise.

(b) Liabilities between the Parties.

MITCHAM shall be responsible for, indemnify, defend and hold the SERCEL Indemnitees harmless against any and all claims in respect of injury to or sickness, disease or death of any person employed by or engaged on behalf of MITCHAM or its customers or in respect of loss of or damage to physical property (including, but not limited to, plant and equipment, materials, goods, premises and facilities,) owned, supplied or borrowed by MITCHAM or its customers arising out of or in connection with the Agreement from any cause whatsoever including but not limited to the negligence or breach of duty (statutory, contractual or otherwise) of MITCHAM.

SERCEL shall be responsible for, indemnify, defend and hold MITCHAM, its directors, officers, employees and Affiliates (hereinafter the "MITCHAM Indemnitees") harmless against any and all claims in respect of injury to or sickness, disease or death of any person employed by or engaged on behalf of SERCEL or in respect of loss of or damage to physical property (including, but not limited to, plant and equipment, materials, goods, premises and facilities) owned, supplied or borrowed by SERCEL arising out of or in connection with the Agreement from any cause whatsoever including but not limited to the negligence or breach of duty (statutory, contractual or otherwise) of SERCEL.

(c) The amount of SERCEL's liability to MITCHAM shall in no case exceed the amount of the purchase order to which such liability is related.

(d) It is expressly acknowledged by MITCHAM that all liabilities and indemnification in relation thereto between SERCEL and MITCHAM and MITCHAM's customers, when leasing, renting or selling SERCEL equipment to MITCHAM's customers, will be exclusively governed by SERCEL's general conditions of sale as mentioned in Schedule 2(a) of the Agreement.

(e) Patent infringement. The parties acknowledge that if any MITCHAM customer issues a claim against MITCHAM or SERCEL on the basis that the Products are infringing a third party valid and enforceable patent, SERCEL agrees to do its best efforts to protect its patents. Without limiting the foregoing, if a final injunction is, or SERCEL believes, in its sole discretion, is likely to be entered, prohibiting the use of Products by MITCHAM's customers, SERCEL will, at its sole option and expense, either: (a) procure for MITCHAM or its clients the right to use the relevant Products herein, or (b) replace the infringing Products with non-infringing, functionally equivalent products, or (c) suitably modify the Products so that they are not infringing; or, (d) in the event (a), (b) and (c) are not commercially reasonable, refund to MITCHAM the infringing Products at a price which is the purchase price less depreciation based on five (5) years straight-lined depreciation. Except as specified above, SERCEL will not be liable for any costs or expenses incurred without its prior written authorization. Notwithstanding the foregoing, SERCEL assumes no liability for infringement claims arising from (i) combination of the Products with other products not provided by SERCEL, (ii) any modifications to the Products unless such modification was made by SERCEL or, (iii) any part or component supplied by third party. The liability that SERCEL may incur with respect to any infringement claim is expressly limited to 100% of the amount MITCHAM paid as purchase price of the Products. MITCHAM acknowledges that Sercel is subject to an injunction regarding the sale, lease or use of the DSU3-428 within the territory of the United States of America (USA). MITCHAM will therefore not lease or sell the DSU3-428 in the USA and will so notify its customers. The above patent indemnification will not apply to any claim relating to the use of the DSU3-428 within the USA by MITCHAM or MITCHAM's customers and Sercel shall not indemnify and shall not hold harmless the "MITCHAM Indemnitees " or MITCHAM's customers against any and all liability, loss, damages, fines, penalties, costs and expenses (including, without limitation, court costs and reasonable attorney's fees) incurred by any of the Mitcham Indemnitees in relation to the DSU3-428. It is hereby however acknowledged that the injunction does not, however, apply to the DSU3-428 products sold to Mitcham, 3,500 DSU3 products sold to CGGVeritas, and 16,000 DSU3 products sold to Global Geophysical Services by Sercel Inc prior to the final

judgment and injunction entered by the United States District Court for the Eastern District of Texas relating to patent infringement (ION vs. Sercel, Inc). The injunction and final judgment, which was entered by the Court on February 16, 2011, prohibits Sercel and parties acting in concert with Sercel from making, using, offering to sell, selling, renting or importing in the United States (which includes territorial waters of the United States) Sercel's 408UL, 428XL and SeaRay digital sensor units products until the date of expiration of the relevant patent. The aforementioned sales were the subject of the damages awarded in the Final Judgment. As a result, these DSU3-428 products can be used, sold, leased or otherwise distributed in the USA.

(f) Either party seeking indemnification hereunder shall notify the other party in writing of any legal action commenced against SERCEL Indemnitees or the MITCHAM Indemnitees, as the case may be, as soon as practicable. The indemnity obligations of MITCHAM and SERCEL shall survive the expiration or termination of the Agreement.

(g) In no event will SERCEL be liable to MITCHAM, whether in contract or tort including negligence, under this Agreement as amended for special, incidental, indirect or consequential damages, nor any other losses or damages whatsoever resulting from loss of use, time, profits or business resulting from its performance or non-performance, or its termination of this Agreement as amended in accordance with the terms of this Agreement.

15. General.

(a) The addresses of MITCHAM and SERCEL for purposes of giving any notice or other communication under this Agreement are as set forth below. Any such notice or communication shall be in writing and signed by an officer or authorized representative of MITCHAM or SERCEL, as applicable. Any such notice or communication shall be deemed to have been given (i) immediately upon physical delivery to the addressee, or (ii) three days after such notice or communication has been deposited in the mail, addressed as set forth below, first-class postage prepaid, certified mail, return receipt requested.

MITCHAM:
Mitcham Industries, Inc.
8141 Highway 75 South
Huntsville, Texas, USA 77340

Attn. Billy F. Mitcham

SERCEL S.A. :
B.P. 30439
16 rue de Bel Air
44474 Carquefou Cedex
France

Attn: Pascal Rouiller

Notice may be served in any other manner, including telex, telecopy, telegram, etc., but shall be deemed delivered and effective as of the time of actual delivery.

(b) MITCHAM and SERCEL represent and warrant to each other that the execution, delivery and performance of this Agreement have been authorized by all necessary corporate action, and that this Agreement is a valid and binding obligation of each of them, respectively. MITCHAM and SERCEL represent and warrant to each other that, to the best of their knowledge, neither the execution and delivery nor the performance of this Agreement will conflict with or result in a breach of any (i) law or of any regulation, order, writ, injunction, or decree of any court or government authority of any country or state in which this Agreement is to be performed, or (ii) any agreement to which they are a party.

(c) This Agreement represents the entire agreement between MITCHAM and SERCEL with regard to the subject matter hereof, and supersedes all prior or contemporaneous agreements, understandings or arrangements related to the subject matter hereof, including without limitation the Exclusive Equipment Lease Agreement between the parties dated September 4, 2009 as amended and extended. This Agreement may not be amended or modified except by a written document signed by duly authorized officers of MITCHAM and SERCEL.

(d) This Agreement may not be assigned by either party hereto without the prior written consent of the other party. This Agreement shall bind and be enforceable against the parties hereto and their respective successors and permitted assigns. Notwithstanding such authorized assignment, Mitcham Industries, Inc. shall continue to be liable for all obligations of MITCHAM set forth in this Agreement.

(e) In the event Billy F. Mitcham, Jr. is no longer employed by MITCHAM in a senior management capacity or is considered by SERCEL to be not sufficiently and actively involved in the performance of this Agreement, SERCEL shall have the option upon 30 days written notice to terminate this Agreement.

16. Compliance with Laws. In all of its activities pursuant to this Agreement, MITCHAM and SERCEL shall comply with all laws, decrees, statutes, rules, regulations, codes and ordinances of any jurisdiction which may be applicable to such activities, provided, however, insignificant violations of any of the foregoing that have no more than a minimal effect on MITCHAM or SERCEL shall not be a violation of this Agreement. In leasing the Products hereunder, MITCHAM shall act at all times in a manner demonstrating a high level of integrity and ethical standards. Without limiting the scope of its general obligations set forth above this section, MITCHAM hereby represents and warrants to SERCEL in connection with its activities performed with regard to the Products in the past (if any), and hereby covenants and agrees with SERCEL in connection with its activities to be performed in connection with the Products in the future, that MITCHAM and any person or firm acting in association with or on behalf of MITCHAM:

- (a) has not offered, paid, given, promised to pay or give, or authorized the payment or gift of, and
- (b) will not offer, pay, promise to pay or give, or authorize the payment or gift of,
- (c) any money or thing of value to:

- (i) any "Foreign Official" as defined in the United States Foreign Corrupt Practices Act (Pub. L. No. 95-213, 94 Stat. 1494), together with all amendments to that Act which are effective during the term hereof (the "FCPA")
- (ii) any political party or party official, or any candidate for political office; or
- (iii) any other person for the purpose of (A) influencing any act or decision of such Foreign Official, political party, party official, or candidate in his or its official capacity, (B) inducing such Foreign Official, political party, party official or candidate to do or omit to do an act in his violation of his or its official duty; or (C) Inducing such Foreign Official, political party, party official or candidate to use his or its influence with a foreign government or an instrumentality of such government to affect or influence any act or decision of such government or instrumentality in order to assist SERCEL to obtain or retain business with any person or to direct business to any person.

Further, MITCHAM hereby represents and warrants to SERCEL that no person having a direct or indirect financial interest in MITCHAM as of the date hereof is: (i) a Foreign Official, (ii) an official of any political party, or (iii) a candidate for political office; provided, however, for purposes hereof, a person shall not be deemed to have a direct or indirect financial interest in MITCHAM as a result of owning less than five percent (5%) of the outstanding shares of common stock of MITCHAM. In connection with determining whether a person owns five percent (5%) or more of the stock, MITCHAM shall be permitted to rely upon filings made by its shareholders under the Securities Exchange Act of 1934, as amended, or filings made under other applicable federal securities laws. MITCHAM shall immediately notify SERCEL in the event that any person now or hereafter having such a financial interest in MITCHAM shall assume such a status.

From time to time as requested by SERCEL, MITCHAM shall, within five (5) days after request from SERCEL, certify to SERCEL in writing that the obligations, representations and warranties of MITCHAM set forth in this Section have not been violated. SERCEL shall not be permitted to request such certification more often than once each calendar quarter unless it has reason to believe a violation has occurred. MITCHAM shall cooperate fully with any investigation which may be conducted by representatives of SERCEL for the purpose of determining whether or not MITCHAM has violated any of those obligations, representations and warranties. In the event that amendments in the FCPA reasonably necessitate modifications to this Section 16, the parties hereto agree to negotiate in good faith in connection therewith and enter into such modifications.

17. MITCHAM's Undertakings. MITCHAM hereby agrees:

- (a) To use its commercially reasonable best efforts to actively promote and solicit the leasing of the Products.
- (b) To participate in training programs that may be offered by SERCEL or by others relating to the Products.
- (c) Not knowingly to lease the Products to companies or countries that are precluded by United States law from trading with the United State or its residents and, to make reasonable inquiry in connection therewith, including inserting provisions in the leases with their customers that are reasonably intended to keep MITCHAM's customers from using the Products in the countries in which United States law prohibits the use of the Products.

- (d) To use commercially reasonable efforts to continue to maintain an organization commensurate with the growth of leasing of the Products.
- (e) To return to SERCEL on termination of this Agreement any and all catalogs, samples, price lists, and any other data, information and/or supplies or materials furnished by SERCEL which are in the possession of MITCHAM or any of its employees, agents, representatives or consultants.
- (f) Not to alter, hide nor secrete SERCEL's name on any of the Products or on any sales promotion material furnished by SERCEL.

18. SERCEL's Undertakings. SERCEL hereby agrees:

- (a) To cooperate with MITCHAM in joint marketing programs for the Products.
- (b) At its sole discretion and option, to invite MITCHAM to meetings in order to joint market the Products.
- (c) To provide such reasonable support and technical services for the Products as MITCHAM may reasonably request from time to time and at MITCHAM obligation as per SERCEL's current price list for said support and technical services without any discount.
- (d) To honor all of SERCEL's manufacturer warranties in accordance with SERCEL's standard warranty terms and conditions for the Products leased by MITCHAM.
- (e) To provide MITCHAM with the right to transfer licenses to use SERCEL software to customers solely in connection with the use of the Products.
- (f) To provide MITCHAM with the right to transfer the SERCEL manufacturer's warranties in connection with any lease, or lease to purchase of the Products.

19. Purchase Order Acceptance and Payment.

- (a) MITCHAM shall confirm with SERCEL all relevant delivery information prior to submission of a purchase order for any of the Products.
- (b) Upon receiving purchase order from MITCHAM, SERCEL shall confirm delivery date with formal acceptance or order acknowledgment.

(c) SERCEL shall have the right to reject, in whole or in part, any purchase order from MITCHAM, to refuse in whole or part, to consent to any cancellation requested by MITCHAM, and to reject in whole or part, any and all returns of the Products or to refuse to grant refunds or allowances on such returns, based upon reasonable grounds. Any Purchase Order shall be binding on SERCEL only upon receipt by MITCHAM of a SERCEL's formal acceptance or acknowledgement of order.

(d) All sales by SERCEL to MITCHAM shall be payable in U.S. dollars net thirty (30) days from the date of the invoice. Continued late payment could result in SERCEL termination of this agreement.

(e) If SERCEL agrees to modify, alter or amend any of the payment terms contained herein in order to meet the requirements of a specific transaction, such deviation from the provisions of this Agreement shall not be construed as a permanent modification, alteration or amendment of the payment terms nor shall the same be used to establish a precedent for future transactions.

20. Most Favored Leasing Agent/Supplier Status

(a) Most favored leasing agent status. In consideration of the above understandings, SERCEL shall grant MITCHAM the status of the “most favored leasing agent” for SERCEL’s: Land acquisition systems and products including 428XL, Unite, vibrator controls, geophone sensors, hydrophone sensors, and all other related 408 and 428 land conventional and multicomponent equipment excluding the DSU; Marine acquisition systems and products including Seal, G Guns, but excluding SeaRay; VSP Tools including SlimWave, GeoWaves, MaxiWave and will provide MITCHAM with the best competitive offer taking into account, the current and domestic prevailing market conditions, the quantities, the delivery times, the support services required, and the fact that the relevant equipment is purchased. This offer will include the best available pricing that is at least as favorable at that time as that made available by SERCEL to any of its customers for comparable order quantities and taking into account the current and local market conditions and the aggregate volume purchased over the time. The above provisions are expressly subject to compliance by MITCHAM with its yearly purchase requirements under article 4 herein, with other yearly minimum purchase requirement subscribed by MITCHAM under the Equipment purchase agreement applicable to other products and with its obligations under point b) below.

(b) Most favored supplier status. In consideration of SERCEL’s commitments under this Agreement, MITCHAM shall grant SERCEL the status of the “most preferred supplier” for the supply of any conventional or multi-component land acquisition, marine acquisition or transition zone equipment. Such equipment shall include, but is not limited to conventional land acquisition systems, transition zone acquisition systems, geophone sensors, hydrophone sensors, VSP tools, vibrators, vibrator control systems and G Guns. MITCHAM shall use its commercially reasonable best efforts to purchase all such equipment from SERCEL and not from other suppliers. Should MITCHAM seek to purchase comparable equipment from another supplier, it will first provide SERCEL with reasonable prior notice. Such notice will specify the equipment required, the quantity required, the delivery period and the country of delivery. SERCEL will then be provided the opportunity to provide a proposal for such equipment within fifteen (15) business days. Should SERCEL not provide a proposal within the time frame required, or should MITCHAM determine that Sercel’s proposal is not competitive in terms of price, quality, support services, delivery dates, technical specifications or commercially viable, MITCHAM shall be free to purchase such equipment from another supplier.

21. Confidential Information. MITCHAM agrees that it will maintain in strict confidence, and not disclose to any other person or firm except with the prior written permission of an authorized officer of SERCEL, any and all information received from SERCEL or prepared by MITCHAM for SERCEL regarding prices, customer lists, business plans, strategies, forecasts, studies, reports and any other information which may be considered confidential or

proprietary by SERCEL and which is not publicly available. The confidentiality obligation of MITCHAM under this Section 20 shall survive the expiration or termination of this Agreement. In the event that MITCHAM receives a request to disclose all or any part of the confidential information under terms of a subpoena or order issued by a court or by a governmental body, MITCHAM agrees (i) to notify SERCEL immediately of the existence, terms, and circumstances surrounding such request, (ii) to consult with SERCEL on the advisability of taking legally available steps to resist or narrow such request, and (iii) if disclosure of such information is required to prevent MITCHAM from being held in contempt or subject to other penalty, to furnish only such portion of the information as, in the written opinion of counsel reasonably satisfactory to SERCEL, it is legally compelled to disclose and to exercise its best efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to the disclosed information. The provisions of this Section are mandatory, MITCHAM hereby acknowledges that the provisions of this Agreement may be specifically performed and enforced, and MITCHAM consents and agrees that it may be restrained, enjoined or otherwise prevented from divulging any such confidential information if at any time SERCEL reasonably fears that such event may occur. The existence and terms of this Agreement shall be considered as confidential Information, unless otherwise agreed.

22. Force Majeure. All transactions under this Agreement and all purchase orders accepted hereunder are subject to modification or cancellation in the event of strikes, labor disputes, lock-outs, accidents, fires, delays in manufacturing or in transportation or delivery of materials, floods severe weather or other acts of God, embargoes, governmental actions, or any other cause beyond the reasonable control of the party concerned, whether similar to or different from the causes above enumerated; and including any special, indirect, incidental, or consequential damages arising from SERCEL'S delay in delivery or failure to deliver as a result of any such cause.

23. Security Interests. Until full payment of the purchase price for a Product, SERCEL hereby retains, and MITCHAM hereby grants to SERCEL, a purchase money security interest in that Product sold to MITCHAM on account. MITCHAM consents to actions by SERCEL that are appropriate to perfect SERCEL'S purchase money security interest and agree to execute such financing statements as are reasonably requested by SERCEL in connection with the foregoing.

24. Termination.

(a) This Agreement may be terminated at any time

(i) by the mutual agreement of the parties; or (ii) by either party upon giving a notice of termination to the other party in the event the other party fails to perform, observe or comply with any of the obligations or under-takings of such other party which are contained in this Agreement, and such failure has not been cured within fifteen (15) days after the terminating party has given a written notice specifying such failure to the other party.

(b) In addition, SERCEL shall be entitled to immediately terminate this Agreement effective upon the giving of notice to MITCHAM in the event that: (i) SERCEL has reasonable cause to believe that MITCHAM or others acting in association with or on the behalf of MITCHAM have committed, or intend to commit, a violation of the FCPA; (ii) MITCHAM refuses or is unable to make the certification described in Section 17; (iii) MITCHAM ceases doing business as a going concern, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due or such fact is

determined by judicial proceedings, files a voluntary petition in bankruptcy, is adjusted a bankrupt or an Insolvent entity, files a petition seeking for itself any reorganization, rearrangement, composition, readjustment, liquidation, dissolution, or similar arrangement under any present or future statute, law or regulation, or files an answer admitting the material allegations of a petition filed against it in any such proceedings, consents to or acquiesces in the appointment of a trustee, receiver, or liquidator of, all or any substantial part of its assets or properties, or if it or the holders of its common stock shall take any action contemplating its dissolution or liquidation. In such event, SERCEL shall have no further liability to MITCHAM under this Agreement.

(c) Upon the termination of this Agreement in accordance with the terms hereof, neither party shall have any further liability to the other party under this Agreement except for obligations and liabilities arising or related to events or circumstances prior to the effective date of termination.

(d) Notwithstanding the foregoing, it is expressly acknowledged between the Parties that the modification, amendment or termination of this Agreement by SERCEL in accordance with the terms of this Agreement, or the non-renewal of this Agreement, will not entitle MITCHAM to claim for any damage, penalty or indemnity whatsoever.

25. Arbitration. Any dispute or claim arising out of or in connection with this AGREEMENT shall be finally settled in accordance with the rules of Arbitration of the International Chamber of Commerce (I.C.C) by one or more arbitrators appointed in accordance with the said rules. The arbitrator(s) so chosen shall render its (or their) award in accordance with the substantive laws of Switzerland taking into account the rules and customs of International Trade “lex mercatoria” as well as the trade usages of the Oil and Gas Industry. The proceedings shall take place in Geneva—Switzerland and shall be conducted in the English language. Decision and award shall finally allocate the costs of such arbitration, provided that each Party shall pay in advance any costs and fees for its arbitrator, and that any other fee or cost, such as fees for the third arbitrator or for the sole arbitrator shall be paid in advance equally by both Parties. The arbitral award shall be final and binding upon the Parties.

26. Applicable Law. This Agreement shall be governed by the laws of the Switzerland.

27. Export Control Laws. MITCHAM agrees that it shall not assist in the disposition of U.S. origin SERCEL Products, by way of transshipment, re-export, and diversion or otherwise, except as said laws and regulations may expressly permit.

28. Standard of Business Conduct. MITCHAM agrees not to pay any commissions, fees or grant any rebates to any employee or officer of any proposed customer or its Affiliates or favor employees or officers of such proposed customer with gifts or entertainment of significant costs or value or enter into any business arrangements with employees or officers of any such proposed customer, other than as a representative of that proposed customer, without the proposed customer’s prior written approval.

29. Waiver. The failure of a party to insist upon strict performance of any provision of this Agreement shall not constitute a waiver of, or estoppel against asserting, the right to require performance in the future. A waiver or estoppel in any one instance shall not constitute a waiver or estoppel with respect to a later breach.

30. Severability. If any of the terms and conditions of this Agreement are held by any court of competent jurisdiction to contravene, or to be invalid under, the laws of any political body having jurisdiction over the subject matter hereof, such contravention or invalidity shall not invalidate the entire Agreement. Instead, this Agreement shall be construed by reforming the particular offending provision or provisions held to be invalid so that it or they are valid and enforceable while remaining as faithful as possible to the or intent of the provision or provisions, the rights and obligations of the parties shall be construed and enforced accordingly, and this Agreement shall remain in full force and effect.

31. Construction. The headings in this Agreement are inserted for convenience and identification only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any other provision hereof. Whenever the context requires, the gender of all words used in this Agreement shall include masculine, feminine, and neuter, and the number of all words shall include the singular and the plural.

32. Counterpart Execution. This Agreement may be executed in any number of counterparts with the same effect as if all the parties had signed the same document. Any counterparts shall be construed together and shall constitute one and the same instrument.

33. Cumulative Rights. The rights and remedies provided by this Agreement are cumulative, and the use of any right or remedy by any part shall not preclude or waive its right to use any or all other remedies. These rights and remedies are given in addition to any other rights a party may have by law, statute, in equity or otherwise.

34. Drafting Party. This Agreement expresses the mutual intent of the parties to this Agreement. According, regardless of the preparing party, the rule of construction against the drafting party shall have no appreciation to this Agreement.

35. Time is of the Essence. Time is of the essence with respect to all provisions of this Agreement.

36. Survival. Articles 14, 21, , 23, 25, 27 and 36 of the Agreement shall survive expiration or termination of this Agreement for whatever reason.

37. Incorporation of Schedules. All schedules attached to this Agreement are incorporated into this Agreement as fully as if stated within the body of this Agreement.

IN WITNESS WHEREOF, This Agreement has been executed on behalf of the parties by their duly authorized representative as of the date first written above.

SERCEL S.A.

By: /s/ Pascal Rouiller
Pascal Rouiller, President

Mitcham Industries, Inc.

By: /s/ Billy F. Mitcham, Jr.
Billy F. Mitcham, Jr., President

EQUIPMENT PURCHASE AGREEMENT
UNITE

This Exclusive Equipment Purchase Agreement (the "Agreement") is entered into as of the 6th day of November, 2012 (the "Effective Date") between Mitcham Industries, Inc., a corporation organized under the laws of Texas, USA ("MITCHAM"), and Sercel Inc., a corporation organized under the laws of Oklahoma ("SERCEL"), which parties agree as follows:

0. DEFINITIONS AND INTERPRETATION

In this Agreement, the following terms have the meanings set forth below, which shall be equally applicable to both the singular and the plural form:

- i. "Affiliate" shall mean with respect to any person, any other person directly or indirectly controlling, controlled by or under common control with the first person. For the purposes of this Agreement, "control," when used with respect to any Person, means the possession, directly or indirectly, of the power to vote 50% or more of the securities having ordinary voting power for the election of directors (or comparable positions) of such person or any one or more business entities which are: (a) owned or controlled by, (b) owning or controlling, or (c) owned or controlled by the business entity owning directly or indirectly, at least fifty percent (50 %) of the voting stock ordinarily entitled to vote in the election of directors. In the case of SERCEL, "Affiliate" shall be further limited to business entities, which are engaged in the manufacturing of seismic equipment.
- ii. "Agreement" shall mean the present agreement (including the Schedules) as amended in writing from time to time.
- iii. "Effective Date" shall mean October 1st 2012
- iv. "MITCHAM" shall mean Mitcham Industries Inc., and its Affiliates engaged in the rental, lease, and sales of seismic data acquisition systems and equipment throughout the world.
- v. "Parties" shall mean MITCHAM and SERCEL; "Party" shall mean one of them.
- vi. "Products" shall mean any UNITE product, as more fully described in Schedule 1.
- vii. "Territory" shall mean the World except (i) mainland China and (ii) Commonwealth of Independent States including without limitation Azerbaijan, Kazakhstan, Turkmenistan, and Uzbekistan ("CIS").
- viii. "SERCEL" shall mean Sercel and its Affiliates engaged in the manufacture and marketing of seismic equipment.
- ix. "Year" shall mean one of the three 365-day periods commencing on the Effective Date or the first two anniversaries thereof.

1. Introduction.

SERCEL and certain of its Affiliates design, manufacture and market fully-configured seismic data acquisition systems (the "SERCEL Systems"). At the present time, SERCEL and certain of its Affiliates manufacture equipment including the Products. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged for all purposes, MITCHAM and SERCEL agree to the terms set forth herein.

2. Exclusive Authorized Third Party Lessor.

(a) MITCHAM hereby represents to SERCEL that MITCHAM has the necessary skills, experience, personnel, facilities and equipment to effectively perform its responsibilities as described in the Agreement. In reliance upon that representation, SERCEL hereby appoints MITCHAM as the exclusive authorized lessor of the Products throughout the Territory and as the non-exclusive authorized lessor throughout the CIS; except that MITCHAM shall not offer financing leases or leases equal to or greater than one year duration except with SERCEL's prior written consent. This Agreement does not allow MITCHAM to act as distributor, agent, commercial representative or reseller of brand-new Products.

The exclusivity herein granted is expressly subject to the compliance by MITCHAM with its yearly minimum purchase requirement under article 4 herein and with other yearly minimum purchase requirements subscribed by MITCHAM under the Equipment purchase agreement applicable to other products.

(b) During the term of this Agreement, SERCEL and/or any Affiliate shall remain free to perform, directly or indirectly, with any third party any lease purchase or operating lease with a term greater than or equal to six (6) months or any financial lease. The Parties acknowledge that the purpose of this Agreement is the purchase of Products by MITCHAM.

(c) For the avoidance of doubt, MITCHAM will not rent UNITE for use in mainland China to any seismic contractor that is owned or controlled by Chinese nationals without SERCEL's prior written consent.

(d) During the term of the Agreement, in the event that a third party makes inquiry of SERCEL as to the possibility of pure operating lease in respect of any of the Products anywhere in the Territory for a term less than six (6) months, then and upon each inquiry, SERCEL shall contact MITCHAM (by phone, email or letter) and explain in reasonable detail the identity of the third party, and MITCHAM shall promptly contact such third party and negotiate the terms of the proposed lease. Mitcham shall have discretion to accept or reject any third party referred by SERCEL for leasing as a result of (i) possessing an insufficient amount of the Products for lease to such third party (provided, however, the continued failure of MITCHAM to maintain a sufficient amount of products to satisfy demand could be evidence that MITCHAM is not actively promoting the leasing of Products, as required hereunder unless caused by the failure of SERCEL to deliver Products to MITCHAM), (ii) reasonably apparent credit risk or any other reasonable business-related factor, or (iii) inability to reach agreement on the terms of such lease. Notwithstanding the previous sentence, MITCHAM shall use commercially reasonable best efforts to service every third party referred by SERCEL for leasing. MITCHAM shall be deemed to have rejected such a third party as a result of inability to agree on the terms within fifteen (15) business days of

such third party's first contact by MITCHAM with regard to such proposed lease. SERCEL may then respond to this one time business opportunity in any means it sees fit. If SERCEL leases to such third party, then SERCEL shall have the right to continue to lease to such third party after the term of the initial lease; provided, however, that if (x) the lease between such a third party and SERCEL shall terminate, (y) the leased Product is returned to SERCEL, and/or (z) such third party shall later make an inquiry concerning leasing of the Products, SERCEL shall again follow the procedure set forth in this Sub-Section (d); and provided further that when such lease ends, SERCEL will offer to sell any Products leased thereunder to MITCHAM, on mutually agreed terms. The purchase of these products will not count toward the minimum purchase commitment made by MITCHAM to SERCEL in this agreement.

(e) SERCEL will have the right to operate a pool of equipment dedicated to "lease with option to purchase" agreements based on minimum initial rental periods of six (6) months or greater. Equipment from this pool may subsequently be re-rented to clients, including Mitcham, for periods less than six (6) months.

(f) In no event shall either SERCEL or MITCHAM have any right to require that the other party charge any specific price or follow any pricing guidelines or establish or require any other specific or general term with regard to the leasing of any of the Products, or the provision of any other good or service by either of them. Notwithstanding the foregoing, MITCHAM shall use its commercially reasonable best efforts to have a reasonable quantity of the Products available for lease at prices which MITCHAM believes reflects the supply of and demand for the Products.

3. Purchase of Products from SERCEL.

(a) Subject to the other provisions of this Agreement, MITCHAM agrees that it will purchase from SERCEL and SERCEL agrees that it will sell to MITCHAM, all of the Products necessary to meet MITCHAM's obligations under each lease as provided herein. The terms and conditions of purchases by MITCHAM of the Products hereunder shall be governed by SERCEL's general terms and conditions, a copy of which is attached hereto as Schedule 2(a); provided, however, that in the event of any conflict between the terms of such terms hereof, the terms of the Agreement shall prevail. SERCEL may update Schedule 2(a) from time to time after written notice to MITCHAM.

(b) MITCHAM shall receive the discounts and allowances set forth on Schedule 2(b) with regard to the Products ordered by MITCHAM in each order, subject to adjustment agreed to by the parties pursuant to paragraph 3(c) herein.

(c) The Parties acknowledge that SERCEL's prices for the products are based on discounts offered by SERCEL based on volume.

(d) Delivery is Ex-Works SERCEL plant(s). Packing charges will be quoted to MITCHAM and the purchase order received from MITCHAM will reflect the full value of the quotation including packing charges. MITCHAM may instruct SERCEL at their discretion to include freight and insurance in the proposal. This will be quoted at SERCEL's cost plus a handling fee of ten percent (10%).

(e) SERCEL reserves the right to increase prices of product and repair services up to five percent (5%) per year. This only includes products and repair services that involve SERCEL manufactured products. Out sourced services and products will be increased at a proportionate level to increases imposed on SERCEL.

4. Minimum Purchase Requirements for Unite.

(a) Subject to the terms hereof, MITCHAM will issue a purchase order for 20,000 Unite RAU1 within two weeks of signing this agreement. This purchase order will be called "Master PO". Subsequently, MITCHAM will issue purchase orders which reference the relevant Master PO to draw against the 20,000 RAU1s. These purchase orders will be called "Supply PO's" and will apply toward the minimum purchase requirements in section 4(b) herein. Supply PO's may be issued by any MITCHAM Affiliate and will be directed to the appropriate SERCEL Affiliate as directed by SERCEL. In the event that MITCHAM does not purchase Products from SERCEL via Supply PO's under this Agreement in an amount that satisfies the Minimum Purchase Requirements (set forth in section 4(b)), at SERCEL's option but subject to Section 4(c) below, SERCEL may terminate this Agreement on 30 days written notice; and upon such termination MITCHAM shall not be obligated to purchase any Products other than the Products that it has ordered prior to the effective date of such termination or SERCEL may terminate the exclusivity granted to MITCHAM without terminating the whole Agreement.

(b) For purposes hereof, the term "Minimum Purchase Requirement" shall mean Products purchased and delivered to MITCHAM via Supply PO's from SERCEL as follows: From October 1, 2012 to December 31, 2012: purchase of 5,000 Unite RAU1. From January 1, 2013 to December 31, 2013: purchase of 12,000 Unite RAU1. From January 1, 2014 to September 30, 2014: purchase of 3,000 Unite RAU1.

(c) Notwithstanding anything herein to the contrary, in the event that a Minimum Purchase Requirement is not satisfied by MITCHAM in any period ending before December 31, 2012, this Agreement may not be terminated by SERCEL due to such failure if MITCHAM meets the Minimum Purchase Requirement for the subsequent period but SERCEL may, at its sole option, terminate the exclusivity granted.

(d) For purposes of determining whether MITCHAM has satisfied the Minimum Purchase Requirement, Products purchased by MITCHAM shall include Products ordered by MITCHAM via Supply PO's regardless of when such Products are delivered so long as such Products are ordered before [45] days of the end of a period and paid for in accordance with the terms and conditions set forth in Schedule 2(a). If MITCHAM orders within the specified period and SERCEL is not able to deliver due to manufacturing delivery issues, there will be no penalty against MITCHAM and such orders will be applied to satisfy the Minimum Purchase Requirement. In the event MITCHAM purchases more than the Minimum Purchase Requirement in any given period, such excess shall be applied in meeting the Minimum Purchase Requirement for any subsequent period.

5. Third Party Replacement Parts. Any use of replacement parts that have not been qualified by SERCEL will give SERCEL the right, in any case, to cancel any warranty remaining on the equipment for which such unqualified parts are used.

6. Resale of Purchased Equipment by MITCHAM. Without SERCEL's prior written consent, MITCHAM hereby agrees that it will not sell any of the Products purchased under this Agreement until a period of three (3) years from the date it received the relevant Product. Without limiting the foregoing, MITCHAM may approach SERCEL with a lease to purchase or sales opportunity for equipment purchased hereunder, and SERCEL may then grant MITCHAM the right to pursue that opportunity. Notwithstanding anything to the contrary contained in this Agreement, MITCHAM is not, in any case, entitled to sell within or outside mainland China any of the Products purchased under this Agreement to any seismic contractor owned or controlled by Chinese nationals.

7. Provision of Certain Goods and Services by SERCEL. SERCEL hereby agrees that MITCHAM shall have the right to send a reasonable number of its employees and representatives of its customers who lease the Products from MITCHAM to such technical, training, operations and maintenance classes as SERCEL provides to SERCEL's customers who lease or purchase the Products from SERCEL, at SERCEL standard rates. SERCEL will provide MITCHAM (4) four free training courses per year to be used for any of the SERCEL training courses. This does not include the cost of travel, lodging, food or incidental expenses. SERCEL hereby agrees to send to MITCHAM such quantities of all manuals and selling information, marketing brochures and literature regarding the Products (other than proprietary information) as SERCEL develops and as MITCHAM shall reasonably request in connection with its Leasing activities, at no charge to MITCHAM. SERCEL's current training price schedule can be changed any anytime as long as MITCHAM is so notified 30 days in advance. SERCEL will provide MITCHAM with (2) two free training classes for up to (4) four MITCHAM employees per class with respect to the repair of the Unite.

8. Warranty and Service.

(a) Warranty terms of the Sercel general terms and conditions of sale will apply to the Products purchased by MITCHAM under this Agreement.

(b) In no event shall MITCHAM have any authority whatsoever, express or implied, to make warranties other than those provided for herein without prior written permission from the SERCEL.

9. Maintenance and Repair of the Products.

(a) MITCHAM and SERCEL acknowledge that third party lessee of the Products from MITCHAM may return the leased Products directly to SERCEL after the termination of such third party's leases. In such event, SERCEL shall perform its standard maintenance check of such Products and inform MITCHAM of any necessary repairs.

(b) The maintenance checks and the repairs performed by SERCEL on the Products received from the lessees shall be invoiced by SERCEL to MITCHAM at the SERCEL standard price. With respect to the repair undertaken by SERCEL, MITCHAM will be entitled to a discount as indicated on Schedule 2(b) on the repair pricing listed herein on attached *Schedule 3*. MITCHAM shall also pay the reasonable and ordinary freight and storage charges incurred by SERCEL with respect to such Products.

(c) Following such maintenance check and needed repairs, SERCEL shall ship such Products to MITCHAM at MITCHAM's expense to a location designated by MITCHAM.

10. Right to Use Name. MITCHAM shall have the right during the Term of this Agreement to (i) identify itself as the third party lessor of the Products, (ii) use all SERCEL trademarks and tradenames related to the Products that MITCHAM leases to third parties in advertisements and promotional materials; provided, however, that MITCHAM shall obtain the prior written approval of SERCEL to any such advertisements and promotional materials. No rights to manufacture are granted by this Agreement and such SERCEL trademarks and tradenames related to the Products are and shall remain the sole and exclusive property of SERCEL and MITCHAM shall have no rights therein other than as specifically set forth in this Agreement.

11. Relationship of the Parties. Neither MITCHAM nor SERCEL shall have any liability for leases or sales of any of the Products by the other. This Agreement shall not be construed as creating an agency, partnership or joint venture between MITCHAM and SERCEL. Neither MITCHAM nor SERCEL (or any of their employees or representatives) shall be construed as an agent, consultant or employee of the other for any purpose. MITCHAM shall not have the authority to bind SERCEL in any respect, it being intended that MITCHAM shall act as an independent contractor and not as an agent, with the understanding that SERCEL shall not be responsible for any obligations and/or liabilities incurred by MITCHAM in connection with its business activities.

12. Term of Agreement. Unless sooner terminated in accordance with the provisions hereof, this Agreement shall be effective from the Effective Date for a two (2) year duration through September 30, 2014 (the "Term"). This Agreement may only be renewed through written agreement of both Parties.

13. No Effect on Right to Sell.

(a) This Agreement shall not be construed to have any effect on SERCEL's rights to sell (as opposed to lease) its products and services to any party, except that SERCEL shall not knowingly sell any of the Products to any party that will lease the Products in the Territory.

(b) This Agreement shall not be construed to have any effect on MITCHAM's rights to sell any other products or services to any party, except as otherwise provided for in this Agreement.

14. Indemnity. SERCEL and MITCHAM hereby agree to the following indemnification obligations:

(a) MITCHAM shall defend, indemnify and hold harmless SERCEL, Affiliates, its agents, employees and/or officers (the "SERCEL Indemnitees") from and against any and all third party's claims including MITCHAM's customers, costs (including attorney's fees) and expenses arising out of any injury, damage of any kind whatsoever howsoever caused whether in contract, tort (negligence included) or breach of duty including contractual or statutory duty by SERCEL or otherwise.

(b) Liabilities between the Parties.

MITCHAM shall be responsible for, indemnify, defend and hold the SERCEL Indemnitees harmless against any and all claims in respect of injury to or sickness, disease or death of any person employed by or engaged on behalf of MITCHAM or its customers or in respect of loss of or damage to physical property (including, but not limited to, plant and equipment, materials, goods, premises and facilities,) owned, supplied or borrowed by

MITCHAM or its customers arising out of or in connection with the Agreement from any cause whatsoever including but not limited to the negligence or breach of duty (statutory, contractual or otherwise) of MITCHAM.

SERCEL shall be responsible for, indemnify, defend and hold MITCHAM, its directors, officers, employees and Affiliates (hereinafter the "MITCHAM Indemnitees") harmless against any and all claims in respect of injury to or sickness, disease or death of any person employed by or engaged on behalf of SERCEL or in respect of loss of or damage to physical property (including, but not limited to, plant and equipment, materials, goods, premises and facilities) owned, supplied or borrowed by SERCEL arising out of or in connection with the Agreement from any cause whatsoever including but not limited to the negligence or breach of duty (statutory, contractual or otherwise) of SERCEL.

(c) The amount of SERCEL's liability to MITCHAM shall in no case exceed the amount of the purchase or lease order to which such liability is related.

(d) It is expressly acknowledged by MITCHAM that all liabilities and indemnification in relation thereto between SERCEL and MITCHAM and MITCHAM's customers, when leasing, renting or selling SERCEL equipment to MITCHAM's customers, will be exclusively governed by SERCEL's general conditions of sale as mentioned in Schedule 2(a) of the Agreement.

(e) Patent infringement. The parties acknowledge that if any MITCHAM customer issues a claim against MITCHAM or SERCEL on the basis that the Products are infringing a third party valid and enforceable patent, SERCEL agrees to do its best efforts to protect its patents. Without limiting the foregoing, if a final injunction is, or SERCEL believes, in its sole discretion, is likely to be, entered, prohibiting the use of Products by MITCHAM's customers, SERCEL will, at its sole option and expense, either: (a) procure for MITCHAM or its clients the right to use the relevant Products herein, or (b) replace the infringing Products with non-infringing, functionally equivalent products, or (c) suitably modify the Products so that they are not infringing; or, (d) in the event (a), (b) and (c) are not commercially reasonable, refund to MITCHAM the infringing Products at a price which is the purchase price less depreciation based on five (5) years straight-lined depreciation. Except as specified above, SERCEL will not be liable for any costs or expenses incurred without its prior written authorization. Notwithstanding the foregoing, SERCEL assumes no liability for infringement claims arising from (i) combination of the Products with other products not provided by SERCEL, (ii) any modifications to the Products unless such modification was made by SERCEL or, (iii) any part or component supplied by third party. The liability that SERCEL may incur with respect to any infringement claim is expressly limited to 100% of the amount MITCHAM paid as purchase price of the Products.

(f) Either party seeking indemnification hereunder shall notify the other party in writing of any legal action commenced against SERCEL Indemnitees or the MITCHAM Indemnitees, as the case may be, as soon as practicable. The indemnity obligations of MITCHAM and SERCEL shall survive the expiration or termination of the Agreement.

(g) In no event will SERCEL be liable to MITCHAM, whether in contract or tort including negligence, under this Agreement as amended for special, incidental, indirect or consequential damages, nor any other losses or damages whatsoever resulting from loss of use, time, profits or business resulting from its performance or non-performance, or its termination of this Agreement as amended in accordance with the terms of this Agreement.

15. General.

(a) The addresses of MITCHAM and SERCEL for purposes of giving any notice or other communication under this Agreement are as set forth below. Any such notice or communication shall be in writing and signed by an officer or authorized representative of MITCHAM or SERCEL, as applicable. Any such notice or communication shall be deemed to have been given (i) immediately upon physical delivery to the addressee, or (ii) three days after such notice or communication has been deposited in the mail, addressed as set forth below, first-class postage prepaid, certified mail, return receipt requested.

MITCHAM:
Mitcam Industries, Inc.
8141 Highway 75 South
Huntsville, Texas, USA 77340

Attn. Billy F. Mitcham

SERCEL Inc.:
17200 Park Row
Houston, Texas, USA 77084

Attn: George Wood

Notice may be served in any other manner, including telex, telecopy, telegram, etc., but shall be deemed delivered and effective as of the time of actual delivery.

(b) MITCHAM and SERCEL represent and warrant to each other that the execution, delivery and performance of this Agreement have been authorized by all necessary corporate action, and that this Agreement is a valid and binding obligation of each of them, respectively. MITCHAM and SERCEL represent and warrant to each other that, to the best of their knowledge, neither the execution and delivery nor the performance of this Agreement will conflict with or result in a breach of any (i) law or of any regulation, order, writ, injunction, or decree of any court or government authority of any country or state in which this Agreement is to be performed, or (ii) any agreement to which they are a party.

(c) This Agreement represents the entire agreement between MITCHAM and SERCEL with regard to the subject matter hereof, and supersedes all prior or contemporaneous agreements, understandings or arrangements related to the subject matter hereof, including without limitation the Exclusive Equipment Lease Agreement between the parties dated September 4, 2009 as amended and extended. This Agreement may not be amended or modified except by a written document signed by duly authorized officers of MITCHAM and SERCEL.

(d) This Agreement may not be assigned by either party hereto without the prior written consent of the other party. This Agreement shall bind and be enforceable against the parties hereto and their respective successors and permitted assigns. Notwithstanding such authorized assignment, Mitcham Industries, Inc. shall continue to be liable for all obligations of MITCHAM set forth in this Agreement.

(e) In the event Billy F. Mitcham, Jr. is no longer employed by MITCHAM in a senior management capacity or is considered by SERCEL to be not sufficiently and actively involved in the performance of this Agreement, SERCEL shall have the option upon 30 days written notice to terminate this Agreement.

16. Compliance with Laws. In all of its activities pursuant to this Agreement, MITCHAM and SERCEL shall comply with all laws, decrees, statutes, rules, regulations, codes and ordinances of any jurisdiction which may be applicable to such activities, provided, however, insignificant violations of any of the foregoing that have no more than a minimal effect on MITCHAM or SERCEL shall not be a violation of this Agreement. In leasing the Products hereunder, MITCHAM shall act at all times in a manner demonstrating a high level of integrity and ethical standards. Without limiting the scope of its general obligations set forth above this section, MITCHAM hereby represents and warrants to SERCEL in connection with its activities performed with regard to the Products in the past (if any), and hereby covenants and agrees with SERCEL in connection with its activities to be performed in connection with the Products in the future, that MITCHAM and any person or firm acting in association with or on behalf of MITCHAM:

(a) has not offered, paid, given, promised to pay or give, or authorized the payment or gift of, and

(b) will not offer, pay, promise to pay or give, or authorize the payment or gift of,

(c) any money or thing of value to:

- (i) any "Foreign Official" as defined in the United States Foreign Corrupt Practices Act (Pub. L. No. 95-213, 94 Stat. 1494), together with all amendments to that Act which are effective during the term hereof (the "FCPA")
- (ii) any political party or party official, or any candidate for political office; or
- (iii) any other person for the purpose of (A) influencing any act or decision of such Foreign Official, political party, party official, or candidate in his or its official capacity, (B) inducing such Foreign Official, political party, party official or candidate to do or omit to do an act in his violation of his or its official duty; or (C) Inducing such Foreign Official, political party, party official or candidate to use his or its influence with a foreign government or an instrumentality of such government to affect or influence any act or decision of such government or instrumentality in order to assist SERCEL to obtain or retain business with any person or to direct business to any person.

Further, MITCHAM hereby represents and warrants to SERCEL that no person having a direct or indirect financial interest in MITCHAM as of the date hereof is: (i) a Foreign Official, (ii) an official of any political party, or (iii) a candidate for political office; provided, however, for purposes hereof, a person shall not be deemed to have a direct or indirect financial interest in MITCHAM as a result of owning less than five percent (5%) of the outstanding shares of common stock of MITCHAM. In connection with determining

whether a person owns five percent (5%) or more of the stock, MITCHAM shall be permitted to rely upon filings made by its shareholders under the Securities Exchange Act of 1934, as amended, or filings made under other applicable federal securities laws. MITCHAM shall immediately notify SERCEL in the event that any person now or hereafter having such a financial interest in MITCHAM shall assume such a status.

From time to time as requested by SERCEL, MITCHAM shall, within five (5) days after request from SERCEL, certify to SERCEL in writing that the obligations, representations and warranties of MITCHAM set forth in this Section have not been violated. SERCEL shall not be permitted to request such certification more often than once each calendar quarter unless it has reason to believe a violation has occurred. MITCHAM shall cooperate fully with any investigation which may be conducted by representatives of SERCEL for the purpose of determining whether or not MITCHAM has violated any of those obligations, representations and warranties. In the event that amendments in the FCPA reasonably necessitate modifications to this Section 16, the parties hereto agree to negotiate in good faith in connection therewith and enter into such modifications.

17. MITCHAM's Undertakings. MITCHAM hereby agrees:

- (a) To use its commercially reasonable best efforts to actively promote and solicit the leasing of the Products.
- (b) To participate in training programs that may be offered by SERCEL or by others relating to the Products.
- (c) Not knowingly to lease the Products to companies or countries that are precluded by United States law from trading with the United State or its residents and, to make reasonable inquiry in connection therewith, including inserting provisions in the leases with their customers that are reasonably intended to keep MITCHAM's customers from using the Products in the countries in which United States law prohibits the use of the Products.
- (d) To use commercially reasonable efforts to continue to maintain an organization commensurate with the growth of leasing of the Products.
- (e) To return to SERCEL on termination of this Agreement any and all catalogs, samples, price lists, and any other data, information and/or supplies or materials furnished by SERCEL which are in the possession of MITCHAM or any of its employees, agents, representatives or consultants.
- (f) Not to alter, hide nor secrete SERCEL's name on any of the Products or on any sales promotion material furnished by SERCEL.

18. SERCEL's Undertakings. SERCEL hereby agrees:

- (a) To cooperate with MITCHAM in joint marketing programs for the Products.
- (b) At its sole discretion and option, to invite MITCHAM to meetings in order to joint market the Products.
- (c) To provide such reasonable support and technical services for the Products as MITCHAM may reasonably request from time to time and at MITCHAM obligation as per SERCEL's current price list for said support and technical services without any discount.

- (d) To honor all of SERCEL's manufacturer warranties in accordance with SERCEL's standard warranty terms and conditions for the Products leased by MITCHAM.
- (e) To provide MITCHAM with the right to transfer licenses to use SERCEL software to customers solely in connection with the use of the Products.
- (f) To provide MITCHAM with the right to transfer the SERCEL manufacturer's warranties in connection with any lease, or lease to purchase of the Products.

19. Purchase Order Acceptance and Payment.

- (a) MITCHAM shall confirm with SERCEL all relevant delivery information prior to submission of a purchase order for any of the Products.
- (b) Upon receiving purchase order from MITCHAM, SERCEL shall confirm delivery date with formal acceptance or order acknowledgment.

(c) SERCEL shall have the right to reject, in whole or in part, any purchase order from MITCHAM, to refuse in whole or part, to consent to any cancellation requested by MITCHAM, and to reject in whole or part, any and all returns of the Products or to refuse to grant refunds or allowances on such returns, based upon reasonable grounds. Any purchase order shall be binding on SERCEL only upon receipt by MITCHAM of a SERCEL's formal acceptance or acknowledgement of order.

(d) All sales by SERCEL to MITCHAM shall be payable in U.S. dollars net thirty (30) days from the date of the invoice. Continued late payment could result in SERCEL termination of this agreement.

(e) If SERCEL agrees to modify, alter or amend any of the payment terms contained herein in order to meet the requirements of a specific transaction, such deviation from the provisions of this Agreement shall not be construed as a permanent modification, alteration or amendment of the payment terms nor shall the same be used to establish a precedent for future transactions.

20. Most Favored Leasing Agent/Supplier Status

(a) Most favored leasing agent status. In consideration of the above understandings, Sercel shall grant Mitcham the status of the "most favored leasing agent" for Sercel's: Land acquisition systems and products including 428XL, Unite, vibrator controls, geophone sensors, hydrophone sensors, and all other related 408 and 428 land conventional and multicomponent equipment excluding the DSU; Marine acquisition systems and products including Seal, G Guns but excluding SeaRay; VSP Tools including SlimWave, GeoWave, MaxiWave and will provide MITCHAM with the best competitive offer taking into account, the current and domestic prevailing market conditions, the quantities, the delivery times, the support services required, and the fact that the relevant equipment is purchased. This offer will include the best available pricing that is at least as favorable at that time as that made available by Sercel to any of its customers for comparable order quantities and taking into account the current and local market conditions and the aggregate volume purchased over the

time. The above provisions are expressly subject to compliance by MITCHAM with its yearly purchase requirements under article 4 herein, with other yearly minimum purchase requirement subscribed by MITCHAM under the Equipment purchase agreement applicable to other products and with its obligations under point b) below.

(b) Most favored supplier status. In consideration of SERCELS's commitments under this Agreement, MITCHAM shall grant SERCEL the status of the "most preferred supplier" for the supply of any conventional or multi-component land acquisition, marine acquisition or transition zone equipment, excluding DSU-428 and SeaRay. Such equipment shall include, but is not limited to conventional land acquisition systems, transition zone acquisition systems, geophone sensors, hydrophone sensors, VSP tools, vibrators, vibrator control systems and G Guns. MITCHAM shall use its commercially reasonable best efforts to purchase all such equipment from SERCEL and not from other suppliers. Should MITCHAM seek to purchase comparable equipment from another supplier, it will first provide SERCEL with reasonable prior notice. Such notice will specify the equipment required, the quantity required, the delivery period and the country of delivery. SERCEL will then be provided the opportunity to provide a proposal for such equipment within fifteen (15) business days. Should SERCEL not provide a proposal within the time frame required, or should MITCHAM determine that SERCEL's proposal is not competitive in terms of price, quality, support services, delivery dates, technical specifications or commercially viable, MITCHAM shall be free to purchase such equipment from another supplier.

21. Confidential Information. MITCHAM agrees that it will maintain in strict confidence, and not disclose to any other person or firm except with the prior written permission of an authorized officer of SERCEL, any and all information received from SERCEL or prepared by MITCHAM for SERCEL regarding prices, customer lists, business plans, strategies, forecasts, studies, reports and any other information which may be considered confidential or proprietary by SERCEL and which is not publicly available. The confidentiality obligation of MITCHAM under this Section 20 shall survive the expiration or termination of this Agreement. In the event that MITCHAM receives a request to disclose all or any part of the confidential information under terms of a subpoena or order issued by a court or by a governmental body, MITCHAM agrees (i) to notify SERCEL immediately of the existence, terms, and circumstances surrounding such request, (ii) to consult with SERCEL on the advisability of taking legally available steps to resist or narrow such request, and (iii) if disclosure of such information is required to prevent MITCHAM from being held in contempt or subject to other penalty, to furnish only such portion of the information as, in the written opinion of counsel reasonably satisfactory to SERCEL, it is legally compelled to disclose and to exercise its best efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to the disclosed information. The provisions of this Section are mandatory, MITCHAM hereby acknowledges that the provisions of this Agreement may be specifically performed and enforced, and MITCHAM consents and agrees that it may be restrained, enjoined or otherwise prevented from divulging any such confidential information if at any time SERCEL reasonably fears that such event may occur. The existence and terms of this Agreement shall be considered as confidential Information, unless otherwise agreed.

22. Force Majeure. All transactions under this Agreement and all purchase orders accepted hereunder are subject to modification or cancellation in the event of strikes, labor disputes, lock-outs, accidents, fires, delays in manufacturing or in transportation or delivery of

materials, floods severe weather or other acts of God, embargoes, governmental actions, or any other cause beyond the reasonable control of the party concerned, whether similar to or different from the causes above enumerated; and including any special, indirect, incidental, or consequential damages arising from SERCEL'S delay in delivery or failure to deliver as a result of any such cause.

23. Security Interests. Until full payment of the purchase price for a Product, SERCEL hereby retains, and MITCHAM hereby grants to SERCEL, a purchase money security interest in that Product sold to MITCHAM on account. MITCHAM consents to actions by SERCEL that are appropriate to perfect SERCEL'S purchase money security interest and agree to execute such financing statements as are reasonably requested by SERCEL in connection with the foregoing.

24. Termination.

(a) This Agreement may be terminated at any time (i) by the mutual agreement of the parties; or (ii) by either party upon giving a notice of termination to the other party in the event the other party fails to perform, observe or comply with any of the obligations or under-takings of such other party which are contained in this Agreement, and such failure has not been cured within fifteen (15) days after the terminating party has given a written notice specifying such failure to the other party.

(b) In addition, SERCEL shall be entitled to immediately terminate this Agreement effective upon the giving of notice to MITCHAM in the event that: (i) SERCEL has reasonable cause to believe that MITCHAM or others acting in association with or on the behalf of MITCHAM have committed, or intend to commit, a violation of the FCPA; (ii) MITCHAM refuses or is unable to make the certification described in Section 17; (iii) MITCHAM ceases doing business as a going concern, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due or such fact is determined by judicial proceedings, files a voluntary petition in bankruptcy, is adjusted a bankrupt or an Insolvent entity, files a petition seeking for itself any reorganization, rearrangement, composition, readjustment, liquidation, dissolution, or similar arrangement under any present or future statute, law or regulation, or files an answer admitting the material allegations of a petition filed against it in any such proceedings, consents to or acquiesces in the appointment of a trustee, receiver, or liquidator of, all or any substantial part of its assets or properties, or if it or the holders of its common stock shall take any action contemplating its dissolution or liquidation. In such event, SERCEL shall have no further liability to MITCHAM under this Agreement.

(c) Upon the termination of this Agreement in accordance with the terms hereof, neither party shall have any further liability to the other party under this Agreement except for obligations and liabilities arising or related to events or circumstances prior to the effective date of termination.

(d) Notwithstanding the foregoing, it is expressly acknowledged between the Parties that the modification, amendment or termination of this Agreement by SERCEL in accordance with the terms of this Agreement, or the non-renewal of this Agreement, will not entitle MITCHAM to claim for any damage, penalty or indemnity whatsoever.

25. Arbitration. Any dispute or claim arising out of or in connection with this AGREEMENT shall be finally settled in accordance with the rules of Arbitration of the International Chamber of Commerce (I.C.C) by one or more arbitrators appointed in accordance with the said rules. The arbitrator(s) so chosen shall render its (or their) award in accordance with the substantive laws of Switzerland taking into account the rules and customs of International Trade “lex mercatoria” as well as the trade usages of the Oil and Gas Industry. The proceedings shall take place in Geneva—Switzerland and shall be conducted in the English language. Decision and award shall finally allocate the costs of such arbitration, provided that each Party shall pay in advance any costs and fees for its arbitrator, and that any other fee or cost, such as fees for the third arbitrator or for the sole arbitrator shall be paid in advance equally by both Parties. The arbitral award shall be final and binding upon the Parties.

26. Applicable Law. This Agreement shall be governed by the laws of the Switzerland.

27. Export Control Laws. MITCHAM agrees that it shall not assist in the disposition of U.S. origin SERCEL Products, by way of transshipment, re-export, and diversion or otherwise, except as said laws and regulations may expressly permit.

28. Standard of Business Conduct. MITCHAM agrees not to pay any commissions, fees or grant any rebates to any employee or officer of any proposed customer or its Affiliates or favor employees or officers of such proposed customer with gifts or entertainment of significant costs or value or enter into any business arrangements with employees or officers of any such proposed customer, other than as a representative of that proposed customer, without the proposed customer’s prior written approval.

29. Waiver. The failure of a party to insist upon strict performance of any provision of this Agreement shall not constitute a waiver of, or estoppel against asserting, the right to require performance in the future. A waiver or estoppel in any one instance shall not constitute a waiver or estoppel with respect to a later breach.

30. Severability. If any of the terms and conditions of this Agreement are held by any court of competent jurisdiction to contravene, or to be invalid under, the laws of any political body having jurisdiction over the subject matter hereof, such contravention or invalidity shall not invalidate the entire Agreement. Instead, this Agreement shall be construed by reforming the particular offending provision or provisions held to be invalid so that it or they are valid and enforceable while remaining as faithful as possible to the or intent of the provision or provisions, the rights and obligations of the parties shall be construed and enforced accordingly, and this Agreement shall remain in full force and effect.

31. Construction. The headings in this Agreement are inserted for convenience and identification only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any other provision hereof. Whenever the context requires, the gender of all words used in this Agreement shall include masculine, feminine, and neuter, and the number of all words shall include the singular and the plural.

32. Counterpart Execution. This Agreement may be executed in any number of counterparts with the same effect as if all the parties had signed the same document. Any counterparts shall be construed together and shall constitute one and the same instrument.

33. Cumulative Rights. The rights and remedies provided by this Agreement are cumulative, and the use of any right or remedy by any part shall not preclude or waive its right to use any or all other remedies. These rights and remedies are given in addition to any other rights a party may have by law, statute, in equity or otherwise.

34. Drafting Party. This Agreement expresses the mutual intent of the parties to this Agreement. According, regardless of the preparing party, the rule of construction against the drafting party shall have no appreciation to this Agreement.

35. Time is of the Essence. Time is of the essence with respect to all provisions of this Agreement.

36. Survival. Articles 14, 20, 22, 23, 24, 27 and 35 of the Agreement shall survive expiration or termination of this Agreement for whatever reason.

37. Incorporation of Schedules. All schedules attached to this Agreement are incorporated into this Agreement as fully as if stated within the body of this Agreement.

IN WITNESS WHEREOF, This Agreement has been executed on behalf of the parties by their duly authorized representative as of the date first written above.

SERCEL Inc.

By: /s/ George Wood
George Wood, President

Mitcham Industries, Inc.

By: /s/ Billy F. Mitcham, Jr.
Billy F. Mitcham, Jr., President

CERTIFICATION

I, Billy F. Mitcham, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended October 31, 2012 of Mitcham Industries, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Billy F. Mitcham, Jr.

Billy F. Mitcham, Jr.
Chief Executive Officer
December 5, 2012

CERTIFICATION

I, Robert P. Capps, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended October 31, 2012 of Mitcham Industries, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Robert P. Capps

Robert P. Capps
Executive Vice President-Finance and Chief Financial Officer
December 5, 2012

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Mitcham Industries, Inc. (the "Company") on Form 10-Q for the quarterly period ended October 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Billy F. Mitcham, Jr., Chief Executive Officer of the Company, and Robert P. Capps, Executive Vice President-Finance and Chief Financial Officer of the Company, each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Billy F. Mitcham, Jr.

Billy F. Mitcham, Jr.
Chief Executive Officer
December 5, 2012

/s/ Robert P. Capps

Robert P. Capps
Executive Vice President-Finance and Chief Financial Officer
December 5, 2012