

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

MITCHAM INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

TEXAS	5008	76-0210849
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

BILLY F. MITCHAM, JR.
POST OFFICE BOX 1175
44000 HIGHWAY 75 SOUTH
HUNTSVILLE, TEXAS 77342

(Name, address, including zip code and telephone number, including
area code, of Registrant's principal executive offices and agent for service)

Copies to:

SABRINA A. MCTOPY
NORTON, JACOBS, KUHN & MCTOPY, L.L.P.
1111 BAGBY, SUITE 2450
HOUSTON, TEXAS 77002-2546
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ALAN P. BADEN
VINSON & ELKINS L.L.P.
2800 FIRST CITY TOWER
HOUSTON, TEXAS 77002-6760
(713) 758-2222

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as
practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, check the following box.

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please check the following box
and list the Securities Act registration statement number of the earlier
effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c)
under the Securities Act, check the following box and list the Securities act
registration statement number of the earlier effective registration statement
for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434,
please check the following box.

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(2)	AMOUNT OF REGISTRATION FEE
Common Stock, \$.01 par value ("Common Stock").....	3,450,000	\$8.50	\$29,325,000	
Representatives' Warrants.....	200,000	\$.001	\$200	
Common Stock underlying the Representatives' Warrants(3).....	200,000	\$10.20	\$2,040,000	
Total.....			\$31,365,200	\$9,505

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- (1) Includes 450,000 shares subject to an option granted to the Underwriters to cover over-allotments, if any.
 - (2) Estimated solely for purposes of calculating the registration fee.
 - (3) The Registration Statement also covers any additional securities that may become issuable pursuant to the anti-dilution provisions of the Representatives' Warrants.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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 * INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A *
 * REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED *
 * WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT *
 * BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE *
 * REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT *
 * CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY *
 * NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH *
 * SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO *
 * REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH *
 * STATE. *
 *

SUBJECT TO COMPLETION, DATED JANUARY 17, 1997

3,000,000 SHARES

MITCHAM INDUSTRIES, INC.

COMMON STOCK

Of the 3,000,000 shares of Common Stock offered hereby, 2,500,000 shares are being offered by Mitcham Industries, Inc. (the "Company"), and 500,000 shares are being offered by the selling shareholders (the "Selling Shareholders"). The Company will not receive any proceeds from the sale of shares by the Selling Shareholders.

The Common Stock is quoted on the Nasdaq National Market under the symbol "MIND." The last reported sale price of the Common Stock on January , 1997, as reported by the Nasdaq National Market, was \$ per share. See "Price Range of Common Stock."

FOR A DISCUSSION OF CERTAIN MATERIAL FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE COMMON STOCK, SEE "RISK FACTORS" COMMENCING ON PAGE 6 HEREOF.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS(1)	PROCEEDS TO COMPANY(2)	PROCEEDS TO SELLING SHAREHOLDERS(2)
Per share.....	\$	\$	\$	\$
Total(3).....	\$	\$	\$	\$

(1) The Company and the Selling Shareholders have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. Does not reflect additional compensation to the Underwriters in the form of (i) a non-accountable expense allowance of \$ (\$ if the Underwriters' over-allotment option is exercised in full) and (ii) warrants to purchase an aggregate of 200,000 shares of Common Stock at 120% of the Price to Public for two years beginning one year after the effective date of the Registration Statement of which this Prospectus is a part. For additional information with respect to the arrangements between the Company and the Representatives, see "Underwriting."

(2) Before deducting offering expenses payable by the Company and the Selling Shareholders, estimated to be approximately \$ and \$, respectively.

(3) The Company and the Selling Shareholders have granted to the Underwriters a 30-day option to purchase up to 450,000 additional shares of Common Stock solely to cover over-allotments, if any, on the same terms and conditions as the shares offered hereby. If such option is exercised in full, the total

Price to Public, Underwriting Discounts and Commissions, Proceeds to Company
and Proceeds to Selling Shareholders will be \$ _____, \$ _____,
\$ _____ and \$ _____, respectively. See "Underwriting."

The shares of Common Stock are offered by the several Underwriters named
herein, subject to receipt and acceptance by them and subject to their right to
reject any order in whole or in part. It is expected that delivery of such
shares will be made at the offices of Rodman & Renshaw, Inc., New York, New
York, on or about _____, 1997.

RODMAN & RENSHAW, INC.

SIMMONS & COMPANY
INTERNATIONAL

The date of this Prospectus is _____, 1997.

[ILLUSTRATIONS]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NASDAQ NATIONAL MARKET, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. IN CONNECTION WITH THIS OFFERING, CERTAIN UNDERWRITERS AND SELLING GROUP MEMBERS (IF ANY) OR THEIR RESPECTIVE AFFILIATES MAY ENGAGE IN PASSIVE MARKET MAKING TRANSACTIONS IN THE COMMON STOCK ON THE NASDAQ NATIONAL MARKET IN ACCORDANCE WITH RULE 10B-6A UNDER THE EXCHANGE ACT. SEE "UNDERWRITING."

PROSPECTUS SUMMARY

The following summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and financial statements (including the notes thereto) appearing elsewhere in this Prospectus and incorporated herein by reference. The term "Company" refers to Mitcham Industries, Inc. and its wholly-owned subsidiary, Mitcham Canada Ltd., an Alberta corporation. Unless otherwise indicated, all financial and share information set forth in this Prospectus assumes no exercise of the Underwriters' over-allotment option and a public offering price of \$ per share. See "Glossary of Terms" for certain terms relating to the seismic industry used in this Prospectus. Investors should carefully consider the information set forth in "Risk Factors" beginning on page 6.

THE COMPANY

Mitcham Industries, Inc. leases and sells seismic data acquisition equipment to companies engaged in the oil and gas industry. The Company believes it is the leading independent lessor of land-based three-dimensional ("3-D") seismic data acquisition equipment, including channel boxes and other peripheral equipment. Seismic data acquisition equipment is used in the identification and graphic definition of subsurface geologic structures and formations that potentially contain oil and gas. Channel boxes are remote data acquisition units that collect and transmit seismic data. The Company has exclusive lease referral and supply agreements with the two principal manufacturers of land-based 3-D seismic equipment, Input/Output, Inc. ("I/O") and Societe E'tudes Recherches et Construction Electroniques, S.A. ("SERCEL"). From January 1, 1994 through December 31, 1996, the Company's lease fleet of 3-D channel boxes increased from 85 to approximately 2,000 (or from 510 channels to approximately 12,000 channels). Earnings before interest, taxes, depreciation and amortization ("EBITDA") of approximately \$4.0 million for the fiscal year ended January 31, 1996 represented an increase of 90.4% over the fiscal year ended January 31, 1995, and EBITDA of approximately \$4.6 million for the nine months ended October 31, 1996 represented an increase of 82.6% over the same prior year period.

Demand for channel boxes has increased significantly in recent years primarily due to the increasing use of 3-D seismic surveys. Current 3-D seismic techniques use a greater number of channels and channel boxes than two dimensional ("2-D") surveys, thereby providing higher resolution data for a better representation of the earth's subsurface. Additionally, oil and gas companies are contracting for 3-D surveys over larger geographical areas and often specify an increase in the concentration of channel boxes as a means of increasing data resolution. Consequently, seismic survey companies frequently use more than twice the number of channels for surveys than they typically own. The Company believes that many companies providing land-based seismic surveys will meet this additional requirement by leasing channel boxes and supporting peripheral equipment on a short-term basis rather than making the substantial capital expenditures necessary to purchase such equipment.

The Company leases its seismic equipment primarily to seismic data acquisition companies and major oil and gas exploration companies conducting land-based seismic data acquisition surveys. The leases generally have terms between three and nine months and are renewable thereafter on a month-to-month basis. Rates for 3-D channel boxes range from between 6% to 8% per month of the equipment's purchase price. For the nine months ending October 31, 1996, the Company maintained a utilization rate of its 3-D channel boxes in excess of 80%.

The Company has entered into supply and exclusive referral agreements with each of I/O and SERCEL. The Company believes that most of the land-based 3-D seismic systems and equipment currently in use and being put into use are I/O and SERCEL systems. The agreement with I/O, originally entered into in February 1994, has been the source of a majority of the Company's lease pool equipment to date. Pursuant to this agreement, I/O must refer to the Company, on an exclusive basis, any requests it receives to lease its 3-D channel boxes and certain peripheral equipment in North and South America. A condition of the agreement with I/O is that the Company must purchase, at favorable rates, \$13.3 million of equipment from I/O by May 31, 2000. Through December 31, 1996, the Company has met \$4.8 million of this requirement.

In September 1996, the Company entered into two agreements with SERCEL. One agreement provides that until December 31, 1999, the Company will be SERCEL's exclusive worldwide leasing agent and that

SERCEL must refer to the Company all requests it receives to lease its 3-D data acquisition equipment and peripheral equipment. This agreement also provides that the Company must purchase, at favorable rates, up to \$10.2 million of 3-D data acquisition equipment and other field equipment from SERCEL. Through December 31, 1996, the Company has met \$4.5 million of this requirement. The second agreement provides that until September 19, 1999, subject to earlier termination after September 20, 1997, the Company will be SERCEL's exclusive sales agent in Canada. See "Business -- I/O Agreement" and "-- SERCEL Agreements."

BUSINESS STRATEGY

The Company's business strategy is to meet the expanding needs of users of 3-D seismic equipment through its leasing and support services. In order to accomplish this, the Company has identified the following major objectives:

- Enlarge and diversify its lease pool of seismic equipment. To meet customer demand, the Company will continue to increase its lease pool of channel boxes and peripheral seismic equipment, such as seismic vibrators, vibrator control electronics and geophones. The Company believes that the availability of a larger and more complete pool of 3-D seismic equipment for lease will encourage seismic survey companies to increasingly lease, rather than purchase, such equipment. The Company is also evaluating the feasibility of a lease pool of marine seismic equipment.
- Expand its international presence. The Company receives referrals from SERCEL on a worldwide basis and is its exclusive sales agent in Canada, where the Company has an office in Calgary, Alberta. The Company believes that its alliances with I/O and SERCEL will help the Company to further penetrate, on a cost-effective basis, international markets, where such manufacturers are well-recognized and have well-developed business relationships. The Company is also evaluating the feasibility of opening additional foreign offices.
- Develop and enhance alliances with major seismic equipment manufacturers. The Company uses alliances with manufacturers such as I/O and SERCEL to acquire and build its lease pool of equipment and increase customer referrals. The Company continues to seek to expand the scope of these alliances, as well as develop similar arrangements with other equipment manufacturers.

The Company was formed in January 1987. Its principal offices are located at 44000 Highway 75 South, (Post Office Box 1175), Huntsville, Texas, and its telephone number is (409) 291-2277.

THE OFFERING

Common Stock Offered by the Company.....	2,500,000
Common Stock Offered by the Selling Shareholders...	500,000
Common Stock to be Outstanding after the Offering.....	6,974,880 shares (1)
Use of Proceeds.....	To purchase additional 3-D seismic data acquisition equipment for the Company's lease pool, for repayment of debt and for other working capital purposes. See "Use of Proceeds."
Nasdaq National Market Symbol.....	"MIND"

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(1) Does not include (i) 293,750 shares of Common Stock issuable upon the exercise of options granted and an additional 106,250 shares that may be granted in the future under stock option plans, (ii) 246,723 shares of Common Stock issuable upon the exercise of certain warrants and (iii) 200,000 shares of Common Stock issuable upon the exercise of the Representatives' Warrants. See "Description of Capital Stock and Other Securities."

SUMMARY FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

The following table sets forth selected financial data of the Company for each of the four fiscal years ended January 31, 1996, which was derived from the Company's audited financial statements, and the fiscal year ended January 31, 1992, which was derived from unaudited financial statements of the Company. Also set forth below is selected financial data for the nine months ended October 31, 1995 and 1996 and at October 31, 1996, which was derived from the unaudited financial statements of the Company. In the opinion of management of the Company, the unaudited financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial data for such period. The results of operations for the nine months ended October 31, 1995 and 1996 are not necessarily indicative of results for a full fiscal year. The data should be read in conjunction with the Financial Statements (including the notes thereto) and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein.

	FISCAL YEAR ENDED JANUARY 31,					NINE MONTHS ENDED OCTOBER 31,	
	1992	1993	1994	1995	1996	1995	1996
	(UNAUDITED)					(UNAUDITED)	
SELECTED STATEMENTS OF OPERATIONS DATA:							
Revenues:							
Leases of seismic equipment.....	\$ 602	\$1,266	\$1,601	\$2,424	\$5,157	\$3,431	\$5,356
Sales of seismic equipment.....	1,510	1,156	2,926	2,860	2,135	1,643	2,007
Total.....	2,112	2,422	4,527	5,284	7,292	5,074	7,363
Expenses:							
Seismic equipment subleases.....	335	915	896	245	251	222	111
Sales of seismic equipment.....	1,002	796	1,772	2,027	1,085	1,000	1,261
General and administrative.....	651	655	655	924	1,344	990	1,199
Depreciation.....	17	29	62	363	1,331	825	1,951
Provision for doubtful accounts....	--	--	38	35	627	372	418
Total expenses.....	2,005	2,395	3,423	3,594	4,638	3,409	4,940
Other income (expense).....	(44)	15	4	(149)	17	20	49
Income before income taxes.....	63	42	1,108	1,541	2,671	1,685	2,472
Provision for income taxes.....	19	7	405	541	958	605	854
Net income.....	\$ 44	\$ 35	\$ 703	\$1,000	\$1,713	\$1,080	\$1,618
SELECTED PER SHARE DATA:							
Net income(1).....	\$ 0.03	\$ 0.03	\$ 0.51	\$ 0.66	\$ 0.52	\$ 0.34	\$ 0.37
Weighted average common shares outstanding(2).....	1,380	1,380	1,380	1,514	3,306	3,170	4,431
SELECTED CASH FLOW AND OTHER DATA:							
EBITDA(3).....	\$ 74	\$ 75	\$1,186	\$2,113	\$4,023	\$2,516	\$4,593
Capital expenditures.....	\$ --	\$ 28	\$ 900	\$4,496	\$5,765	\$4,099	\$8,890

	AT JANUARY 31,					AT OCTOBER 31, 1996	
	1992	1993	1994	1995	1996	ACTUAL	AS ADJUSTED(5)
	(UNAUDITED)					(UNAUDITED)	
SELECTED BALANCE SHEET DATA:							
Total assets.....	\$ 581	\$615	\$2,427	\$8,199	\$12,239	\$23,252	\$
Total liabilities.....	342	341	1,450	2,023	4,191	9,516	
Long-term debt(4).....	--	--	--	261	1,173	2,910	
Shareholders' equity.....	239	274	977	6,176	8,048	13,736	

(1) There was no dilutive effect to earnings per share for the fiscal years ended January 31, 1992, 1993, 1994 and 1995 and for the nine months ended October 31, 1995. Fully diluted earnings per share was \$0.50 for the fiscal year ended January 31, 1996 and \$0.36 for the nine months ended October 31, 1996.

(2) The fully diluted weighted average common shares outstanding was 3,403,000

at January 31, 1996 and 4,489,000 at October 31, 1996.

- (3) EBITDA is income before interest, taxes, depreciation and amortization. EBITDA is a financial measure commonly used in the Company's industry and should not be considered in isolation or as a substitute for net income, cash flow provided by operating activities or other income or cash flow data prepared in accordance with generally accepted accounting principles or as a measure of a company's profitability or liquidity.
- (4) Long-term debt includes long-term debt net of current maturities and capital lease obligations net of current portion.
- (5) As adjusted to reflect receipt by the Company of estimated net proceeds from the issuance of 2,500,000 shares of Common Stock and the application of such proceeds. See "Use of Proceeds" and "Capitalization."

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The discussion in this Prospectus contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ significantly from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," as well as those discussed elsewhere in this Prospectus. Statements contained in this Prospectus that are not historical facts are forward-looking statements that are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995.

RISK FACTORS

In evaluating an investment in the Common Stock being offered hereby, prospective investors should consider carefully, among other things, the following risk factors.

POSSIBLE ADVERSE EFFECT OF INSTABILITY OF OIL AND GAS INDUSTRY AND DEMAND FOR SERVICES

Demand for the Company's services depends upon the level of spending by oil and gas companies for exploration, production, and development activities, as well as on the number of crews for land-based seismic data acquisition operating in the world, and especially in North America. Fluctuations in the price of oil and gas in response to relatively minor changes in the supply and demand for oil and natural gas continue to have a major effect on these activities and thus, on the demand for the Company's services. Although published industry sources indicate that the number of seismic crews has decreased in the last five years, the Company believes that utilization of 3-D seismic equipment has increased. There can be no assurance of an increased demand for additional 3-D seismic equipment or as to the level of future demand for the Company's services. See "Business."

DEPENDENCE UPON ADDITIONAL LEASE CONTRACTS; UNCERTAIN FUTURE RESULTS

The Company's operating risks occur primarily in its seismic equipment leasing business. The Company's leases typically have a term of three to nine months and provide gross revenues equal to approximately 20% to 70% of the original acquisition cost of the equipment, thereby recovering only a portion of the Company's capital investment. The Company's ability to generate lease revenues, and thus its profitability, is dependent upon obtaining additional lease contracts after the termination of an initial lease. However, lessees are under no obligation to, and frequently do not, continue to lease seismic equipment after the expiration of a lease. Although the Company has been successful in obtaining additional lease contracts with other lessees after the termination of three to nine month equipment leases, there can be no assurance that it will continue to do so. The Company's failure to obtain additional or extended leases beyond the initial term would have a material adverse effect on its operations and financial condition. See "Business -- Operations."

DEPENDENCE ON KEY PERSONNEL

The Company's success is dependent on, among other things, the services of Billy F. Mitcham, Jr., the Chairman of the Board, President and Chief Executive Officer of the Company. Mr. Mitcham's employment agreement, which expires in January 2002 (subject to earlier termination upon certain stated events), provides for an annual salary of \$150,000, subject to increase by the Company's Board of Directors. The agreement prohibits Mr. Mitcham from engaging in any business activities that are competitive with the Company's business and from diverting any of the Company's customers to a competitor, for two years after the termination of his employment. The Company has obtained a \$1.0 million key employee life insurance policy payable to the Company in the event of Mr. Mitcham's death. The loss of the services of Mr. Mitcham could have a material adverse effect on the Company. In particular, the Exclusive Lease Referral Agreement with I/O (the "I/O Agreement") is terminable at such time as Mr. Mitcham is no longer the President of the Company and the Exclusive Equipment Lease Agreement with SERCEL (the "SERCEL Lease Agreement") is terminable at such time he is no longer employed by the Company in a senior management capacity. See "Management -- Employment Agreement with Billy F. Mitcham, Jr."

CUSTOMER CONCENTRATION AND CREDIT LOSSES

The Company typically leases and sells significant amounts of seismic equipment to a relatively small number of customers, the composition of which changes from year to year as leases are negotiated and concluded and equipment needs vary. Therefore, at any one time, a large portion of the Company's revenues may be derived from a limited number of customers, and its ability to maintain profitability includes risks associated with the creditworthiness and profitability of those customers. In the fiscal years ended January 31, 1994, 1995 and 1996, the single largest customer accounted for approximately 36%, 16% and 18%, respectively, of the Company's total revenues. The termination of any large seismic lease could have a material adverse effect on the Company's operations if the Company does not replace such business on a timely basis. See "Business -- Customers; Sales and Marketing."

Grant Geophysical, Inc. ("Grant") filed for bankruptcy protection during December 1996. Revenues derived from Grant amount to 18.5% of total revenues for the eleven-month period ended December 31, 1996. As of that date, amounts due from Grant totalled approximately \$1.0 million. During December 1996, the Company increased its allowance for trade accounts receivable from \$615,000 at October 31, 1996 to \$1.5 million at December 31, 1996, which amount was intended to fully reserve all amounts due from Grant and provide for any potential loss associated with the Company's remaining trade accounts receivable. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

TECHNOLOGICAL OBSOLESCENCE

The Company has a substantial capital investment in 3-D seismic equipment. In addition, under the I/O Agreement and the SERCEL Lease Agreement, the Company is required to make a substantial additional investment in 3-D seismic and other peripheral equipment. The Company believes that the technology represented by the 3-D equipment in service and to be acquired from I/O and SERCEL will not become obsolete prior to the Company's recovery of its initial investment. However, there can be no assurance that manufacturers of seismic equipment will not develop alternative systems that would have competitive advantages over seismic systems now in use, thus having a potentially adverse effect on the Company's ability to profitably lease its existing 3-D seismic equipment. In the past, the Company has been successful in avoiding material losses caused by technological obsolescence by selling its older technology 2-D seismic equipment in the international market and, to a lesser extent, to smaller seismic survey firms in the domestic market. However, there can be no assurance that the Company will be able to sell technologically obsolete equipment in the future. See "Business -- I/O Agreement" and "-- SERCEL Agreements."

VULNERABILITY TO WEATHER CONDITIONS AND SEASONAL RESULTS

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

DEPENDENCE UPON KEY SUPPLIERS

The Company relies upon and has agreements with I/O, SERCEL and Pelton Company, Inc. ("Pelton"), a manufacturer and supplier of vibrator control electronics, to manufacture and sell to the Company the seismic equipment that the Company leases and sells to its customers and, to a lesser extent, to refer leasing customers to the Company. The termination of the agreements for any reason, including any failure by the Company to meet the minimum purchase requirements under the I/O Agreement or the SERCEL Lease Agreement, could materially adversely affect the Company's business. While the Company

does not anticipate any difficulty in obtaining seismic equipment or lease referrals from I/O, SERCEL or Pelton based upon past experience or in meeting the minimum purchase requirements under the I/O Agreement or the SERCEL Lease Agreement, any such occurrence could have a material adverse effect upon the Company's business, financial condition and results of operations. See "Business -- I/O Agreement," "-- SERCEL Agreements" and "-- Pelton Agreement."

COMPETITION

Competition in the leasing of seismic equipment is fragmented, and the Company is aware of numerous companies that engage in such equipment leasing. The Company believes that its competitors do not lease seismic equipment of several manufacturers or have as extensive a seismic equipment lease pool as does the Company. The Company also believes that its competitors do not have exclusive lease referral agreements with suppliers similar to the Company's. Competition exists to a lesser extent from seismic data acquisition firms seeking to generate revenue from equipment that is temporarily idle. Under the I/O Agreement, I/O and its subsidiary, Global Charter Corporation ("Global") retain the right to continue to (i) lease channel boxes in certain situations where the Company and a prospective lessee cannot or do not enter into a lease, as more fully described in the I/O Agreement; (ii) lease channel boxes with a purchase option in North and South America; and (iii) lease channel boxes outside of North and South America.

The Company has several competitors engaged in seismic equipment sales, including companies providing land-based seismic surveys and major oil and gas exploration companies that use seismic equipment, many of which have substantially greater financial resources than the Company. There are also numerous smaller competitors who, in the aggregate, generate significant revenue from the sale of seismic survey equipment. See "Business -- I/O Agreement," "-- SERCEL Agreements" and "-- Competition."

SHARES ELIGIBLE FOR FUTURE SALE

Sales of significant amounts of Common Stock in the public market following this Offering could adversely affect prevailing market prices. The Company's executive officers and directors, who collectively own 1,183,070 shares, or 26.4%, of the outstanding Common Stock, have agreed that for a period of 180 days after the date of this Prospectus they will not offer for sale, sell or otherwise dispose of any shares of Common Stock (other than the 325,000 shares being sold herein by the executive officers and directors who are Selling Shareholders) or any securities convertible into or exchangeable for shares of Common Stock, without the prior written consent of Rodman & Renshaw, Inc. on behalf of the Underwriters. Upon the expiration of such agreements, all of the shares held by such persons will be eligible for sale subject to the volume limitations and other restrictions of Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). There are also outstanding under the Company's 1994 Stock Option Plan and 1994 Non-Employee Director Stock Option Plan (collectively, the "Stock Option Plans") options to purchase 293,750 shares of Common Stock, of which 250,250 are currently exercisable. The Company has registered under the Securities Act the shares issuable upon the exercise of such options and such shares are eligible for resale in the public market, except that any such shares issued to affiliates are subject to the volume limitations and other restrictions of Rule 144. In addition, there are outstanding warrants to purchase 246,723 shares of Common Stock, of which warrants to purchase 196,723 shares are currently exercisable. In connection with this Offering, the Company has agreed to sell warrants to the Representatives to purchase from the Company up to 200,000 shares of Common Stock, exercisable in whole or in part at any time during the two-year period commencing one year after the effective date of the Registration Statement of which this Prospectus is a part. See "Dilution," "Shares Eligible for Future Sale" and "Underwriting."

DILUTION

Purchasers of Common Stock in this Offering will experience immediate and substantial dilution of \$ _____ in net tangible book value per share as of October 31, 1996. See "Dilution."

NO ANTICIPATED DIVIDENDS

The Company has never paid cash dividends on its Common Stock and does not presently anticipate paying any cash dividends on the Common Stock in the foreseeable future. In addition, the loan agreement between the Company and its commercial lenders prohibits the payment of dividends. See "Dividend Policy."

POSSIBLE ADVERSE EFFECT OF ISSUANCE OF PREFERRED STOCK WITHOUT SHAREHOLDER APPROVAL

The Company's Articles of Incorporation, as amended, authorize the issuance of 1,000,000 shares of "blank check" preferred stock, par value \$1.00 per share ("Preferred Stock"), with such designations, rights and preferences as may be determined from time to time by the Board of Directors. No shares of Preferred Stock will be outstanding as of the consummation of this Offering. However, because the Board of Directors is empowered to issue Preferred Stock with such preferences and rights as it determines, it may afford the holders of any series of Preferred Stock preferences, rights or voting powers superior to those of the holders of Common Stock. Although the Company has no present intention to issue any shares of its Preferred Stock, there can be no assurance that the Company will not do so in the future. See "Description of Capital Stock and Other Securities -- Preferred Stock."

LIMITATION ON DIRECTOR LIABILITY

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

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 2,500,000 shares of Common Stock being offered hereby (assuming a public offering price of \$ per share and after deducting underwriting discounts and commissions and estimated expenses of the Offering) are estimated to be approximately \$ million (\$ million if the Underwriters' over-allotment option is exercised in full). Approximately (i) \$14.0 million of the net proceeds will be used to purchase additional 3-D seismic data acquisition equipment, including the \$ million remaining minimum purchase requirement under the I/O Agreement during the fiscal year ended January 31, 1998, (ii) \$4.4 million will be used to pay outstanding debt to commercial lenders, (iii) \$1.0 million will be used for expenses related to the opening of the Company's Calgary office, and (iv) \$250,000 will be used to improve computer and inventory tracking systems. The remainder of the net proceeds will be used for other general corporate purposes.

Of the \$4.4 million that will be used to pay debt to commercial lenders, approximately \$1.0 million will be used to pay the Company's revolving line of credit (the "Working Capital Revolver") with Bank One, Texas, N.A. ("Bank One") and \$3.4 million will be used to pay its loan (the "Term Loan") with Banc One Leasing Corporation ("Banc One Leasing"). Approximately \$1.0 million of the Term Loan was advanced in January 1996 primarily to pay amounts due to I/O for 3-D channel boxes acquired in the 1996 fiscal year. In March 1996, an additional approximately \$3.1 million of the Term Loan was advanced to the Company, of which approximately \$1.5 million was used to pay all amounts outstanding under a previous equipment loan and line of credit and to pay amounts due to I/O for seismic equipment acquired in February and March 1996. Amounts may be advanced under the Term Loan solely for equipment purchases and are payable in monthly installments of principal and interest through January 31, 2000 and bear interest at 9.5%. Amounts borrowed under the Working Capital Revolver bear interest at a floating rate of interest equal to Banc One's base rate of interest ("Base Rate") plus 0.5%, payable quarterly, and the outstanding principal balance is due January 31, 1998. Both the Working Capital Revolver and the Term Loan are secured by an assignment of the Company's accounts receivable, inventory, leases and equipment, including its lease pool equipment.

PRICE RANGE OF COMMON STOCK

The Common Stock is traded on the Nasdaq National Market under the symbol "MIND." Prior to December 19, 1994, there was no public market for the Common Stock. Prior to April 26, 1996, the Common Stock was traded on the Nasdaq SmallCap Market.

The following table sets forth, for the periods indicated, the high and low bid prices of the Company's Common Stock as reported on the Nasdaq SmallCap Market and the high and low sales prices as reported on the Nasdaq National Market, as applicable, after April 26, 1996.

	HIGH ----	LOW ---
Fiscal Year Ended January 31, 1995:		
Fourth Quarter (commencing December 19, 1994).....	\$3 1/4	\$2 5/8
Fiscal Year Ended January 31, 1996:		
First Quarter.....	\$3 1/8	\$2 5/16
Second Quarter.....	4 15/32	2 5/16
Third Quarter.....	4 3/4	3 5/8
Fourth Quarter.....	5 5/8	3 3/4
Fiscal Year Ended January 31, 1997:		
First Quarter.....	\$8	\$5 1/8
Second Quarter.....	8	5 3/4
Third Quarter.....	6 1/2	5 3/8
Fourth Quarter (through January 15, 1997).....	9 7/8	5 7/8

On January 15, 1997, the last reported sale price for the Common Stock on the Nasdaq National Market was \$9. As of January 15, 1997, there were approximately 51 shareholders of record of the Common Stock.

DIVIDEND POLICY

The Company has not paid any cash dividends on the Common Stock since its inception, and the Board of Directors does not contemplate the payment of cash dividends in the foreseeable future. It is the present policy of the Board of Directors to retain earnings, if any, for use in developing and expanding the Company's business. In addition, the Company's loan agreements with Bank One and Banc One Leasing prohibit the payment of dividends without their prior consent. In the future, payment of dividends by the Company will also depend on the Company's financial condition, results of operations and such other factors as the Board of Directors may consider. See "Management's Discussion of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

CAPITALIZATION

The following table sets forth the capitalization of the Company at October 31, 1996 and as adjusted to reflect the sale and issuance by the Company of 2,500,000 shares of Common Stock at an assumed offering price of \$ per share, and the application of the net estimated proceeds therefrom, as described under "Use of Proceeds." This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's Financial Statements and notes thereto that are included elsewhere in this Prospectus.

	AT OCTOBER 31, 1996	
	ACTUAL	AS ADJUSTED
	(IN THOUSANDS)	
Long-term debt, less current portion.....	\$ 2,910	\$
Shareholders' equity:		
Preferred stock, \$1.00 par value; 1,000,000 shares authorized; none issued and outstanding.....	--	--
Common stock, \$.01 par value; 20,000,000 shares authorized; 4,378,650 shares issued and outstanding and 6,878,650 shares as adjusted(1).....	44	69
Additional paid-in capital.....	8,398	
Retained earnings.....	5,294	5,294
Total shareholders' equity.....	13,736	
Total capitalization.....	\$16,646	\$
	=====	=====

(1) Does not include (i) 293,750 shares of Common Stock issuable upon the exercise of options granted and an additional 106,250 shares that may be granted in the future under stock option plans, (ii) 246,723 shares of Common Stock issuable upon the exercise of certain warrants, and (iii) 200,000 shares of Common Stock issuable upon the exercise of the Representatives' Warrants. See "Description of Capital Stock and Other Securities."

DILUTION

The Company's net tangible book value as of October 31, 1996 was approximately \$13.7 million, or \$3.14 per share. Net tangible book value per share is equal to the total tangible assets of the Company minus total liabilities divided by the number of shares of Common Stock outstanding. After giving effect to the sale of the 2,500,000 shares of Common Stock offered by the Company hereby and the receipt of net proceeds of such sale (assuming a public offering price of \$ per share and after deducting underwriting discounts and commissions and estimated expenses payable by the Company), the net tangible book value of the Company at October 31, 1996 on a pro forma basis would have been approximately \$, or \$ per share, representing an immediate dilution in pro forma net tangible book value of \$ per share, or %, to new investors. The following table illustrates this per share dilution:

Assumed public offering price per share.....		\$

Net tangible book value per share as of October 31, 1996, before this Offering.....	\$3.14	
Increase in net tangible book value per share attributable to new investors.....		-----

Pro forma net tangible book value per share as of October 31, 1996, giving effect to this Offering.....		-----

Dilution in net tangible book value to new investors.....		\$
		=====

If the Underwriters' over-allotment is exercised in full, the pro forma net tangible book value per share of Common Stock after this Offering would be \$ per share, which would result in dilution to new investors of \$ per share, or %.

SELECTED FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

The following table sets forth selected financial data of the Company for each of the four fiscal years ended January 31, 1996, which was derived from the Company's audited financial statements, and the fiscal year ended January 31, 1992, which was derived from unaudited financial statements of the Company. Also set forth below is selected financial data for the nine months ended October 31, 1995 and 1996 and at October 31, 1996, which was derived from the unaudited financial statements of the Company. In the opinion of management of the Company, the unaudited financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial data for such period. The results of operations for the nine months ended October 31, 1995 and 1996 are not necessarily indicative of results for a full fiscal year. The data should be read in conjunction with the Financial Statements (including the notes thereto) and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein.

	FISCAL YEAR ENDED JANUARY 31,					NINE MONTHS ENDED OCTOBER 31,	
	1992	1993	1994	1995	1996	1995	1996
	(UNAUDITED)					(UNAUDITED)	
SELECTED STATEMENTS OF OPERATIONS DATA:							
Revenues:							
Leases of seismic equipment.....	\$ 602	\$1,266	\$1,601	\$2,424	\$5,157	\$3,431	\$5,356
Sales of seismic equipment.....	1,510	1,156	2,926	2,860	2,135	1,643	2,007
Total.....	2,112	2,422	4,527	5,284	7,292	5,074	7,363
Expenses:							
Seismic equipment subleases.....	335	915	896	245	251	222	111
Sales of seismic equipment.....	1,002	796	1,772	2,027	1,085	1,000	1,261
General and administrative.....	651	655	655	924	1,344	990	1,199
Depreciation.....	17	29	62	363	1,331	825	1,951
Provision for doubtful accounts....	--	--	38	35	627	372	418
Total expenses.....	2,005	2,395	3,423	3,594	4,638	3,409	4,940
Other income (expense).....	(44)	15	4	(149)	17	20	49
Income before income taxes.....	63	42	1,108	1,541	2,671	1,685	2,472
Provision for income taxes.....	19	7	405	541	958	605	854
Net income.....	\$ 44	\$ 35	\$ 703	\$1,000	\$1,713	\$1,080	\$1,618
SELECTED PER SHARE DATA:							
Net income(1).....	\$ 0.03	\$ 0.03	\$ 0.51	\$ 0.66	\$ 0.52	\$ 0.34	\$ 0.37
Weighted average common shares outstanding(2).....	1,380	1,380	1,380	1,514	3,306	3,170	4,431
SELECTED CASH FLOW AND OTHER DATA:							
EBITDA(3).....	\$ 74	\$ 75	\$1,186	\$2,113	\$4,023	\$2,516	\$4,593
Capital expenditures.....	\$ --	\$ 28	\$ 900	\$4,496	\$5,765	\$4,099	\$8,890

	AT JANUARY 31,					AT OCTOBER 31, 1996	
	1992	1993	1994	1995	1996	ACTUAL	AS ADJUSTED(5)
	(UNAUDITED)					(UNAUDITED)	
SELECTED BALANCE SHEET DATA:							
Total assets.....	\$ 581	\$615	\$2,427	\$8,199	\$12,239	\$23,252	\$
Total liabilities.....	342	341	1,450	2,023	4,191	9,516	
Long-term debt(4).....	--	--	--	261	1,173	2,910	
Shareholders' equity.....	239	274	977	6,176	8,048	13,736	

(1) There was no dilutive effect to earnings per share for the fiscal years ended January 31, 1992, 1993, 1994 and 1995 and for the nine months ended October 31, 1995. Fully diluted earnings per share was \$0.50 for the fiscal year ended January 31, 1996 and \$0.36 for the nine months ended October 31,

1996.

- (2) The fully diluted weighted average common shares outstanding was 3,403,000 at January 31, 1996 and 4,489,000 at October 31, 1996.
- (3) EBITDA is income before interest, taxes, depreciation and amortization. EBITDA is a financial measure commonly used in the Company's industry and should not be considered in isolation or as a substitute for net income, cash flow provided by operating activities or other income or cash flow data prepared in accordance with generally accepted accounting principles or as a measure of a company's profitability or liquidity.
- (4) Long-term debt includes long-term debt net of current maturities and capital lease obligations net of current portion.
- (5) As adjusted to reflect receipt by the Company of estimated net proceeds from the issuance of 2,500,000 shares of Common Stock and the application of such proceeds. See "Use of Proceeds" and "Capitalization."

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to assist in understanding the Company's historical financial position at January 31, 1994, 1995 and 1996, and October 31, 1996, and results of operations and cash flows for each of the three years in the period ended January 31, 1996 and the unaudited nine month periods ended October 31, 1995 and 1996. The Company's historical financial statements and notes thereto included elsewhere in this Prospectus contain detailed financial information that should be referred to in conjunction with the following discussion.

OVERVIEW

The Company leases and sells seismic data acquisition equipment to companies engaged in the oil and gas industry. The Company provides short-term leasing of peripheral seismic equipment to meet a customer's requirements, as well as offering maintenance and support during the lease term. The Company leases its seismic equipment primarily to seismic data acquisition companies and major oil and gas exploration companies conducting land-based seismic surveys in North and South America. The Company also sells and services new and used seismic data acquisition systems and peripheral equipment to companies engaged in oil and gas exploration.

All leases at October 31, 1996 were for a term of one year or less. Seismic equipment held for lease consists primarily of 3-D channel boxes, and is carried at cost, net of accumulated depreciation.

The following table sets forth, for the periods indicated, the percentages that certain items in the Company's financial statements bear to total revenues, and the percentage changes in the dollar amounts of such items from the comparable prior period:

	PERCENTAGE OF TOTAL REVENUES					PERCENTAGE CHANGE		
	FISCAL YEAR ENDED JANUARY 31,			NINE MONTHS ENDED OCTOBER 31,		FISCAL YEAR ENDED	FISCAL YEAR ENDED	NINE MONTHS ENDED
	1994	1995	1996	1995	1996	JANUARY 31, 1995	JANUARY 31, 1996	OCTOBER 31, 1996
REVENUES:								
Leases of seismic equipment...	35.4%	45.9%	70.7%	67.6%	72.7%	51.4%	112.7%	56.1%
Sales of seismic equipment....	64.6%	54.1%	29.3%	32.4%	27.3%	(2.3)%	(25.3)%	22.2%
Total revenues.....	100.0%	100.0%	100.0%	100.0%	100.0%	16.7%	38.0%	45.1%
COSTS AND EXPENSES:								
Seismic equipment subleases...	19.8%	4.6%	3.4%	4.4%	1.5%	(72.7)%	2.4%	(50.0)%
Sales of seismic equipment....	39.1%	38.4%	14.9%	19.7%	17.1%	14.4%	(46.5)%	26.1%
General and administrative....	14.5%	17.5%	18.4%	19.5%	16.3%	41.1%	45.5%	21.1%
Depreciation.....	1.4%	6.9%	18.3%	16.3%	26.5%	485.5%	266.7%	136.5%
Provision for doubtful accounts.....	0.8%	0.7%	8.6%	7.3%	5.7%	(7.9)%	1,691.4%	12.4%
Total costs and expenses.....	75.6%	68.0%	63.6%	67.2%	67.1%	5.0%	29.0%	44.9%

For the years ended January 31, 1994, 1995 and 1996, revenues from foreign customers totalled \$1.4 million, \$1.8 million and \$3.8 million, respectively. All of the Company's transactions with foreign customers are denominated in United States dollars. Therefore, the Company is not subject to material gains or losses resulting from currency fluctuations and has not engaged in currency hedging activities.

SEASONALITY

There is some seasonality to the Company's expected lease revenues from customers operating in Canada. Historically, seismic equipment leasing has been somewhat susceptible to weather patterns in certain geographic regions. For example, in Canada, a significant percentage of the seismic survey activity occurs in the winter months, from October through March. During the months in which the weather is warmer, certain areas are not accessible to trucks, earth vibrators and other equipment because of the muddy terrain. See "Business -- Business and Operations" and " -- Seismic Equipment Leasing." This increased leasing activity

by the Company's Canadian customers has historically resulted in increased lease revenues in the Company's first and fourth fiscal quarters.

RESULTS OF OPERATIONS

Nine Months Ended October 31, 1996 Compared with Nine Months Ended October 31, 1995

Revenues of \$7,363,000 for the nine months ended October 31, 1996 represented an increase of 45.1% over revenues of \$5,074,000 for the same prior year period. Leasing services generated revenues of \$5,356,000 for the nine months ended October 31, 1996, an increase of \$1,925,000, or 56.1%, as compared to \$3,431,000 for the same prior year period. This increase reflected additions of lease fleet equipment throughout fiscal 1996 and the first three fiscal quarters of fiscal 1997 to meet lease demand. For the nine months ended October 31, 1996, the Company maintained a unitization rate on its 3-D channel boxes of approximately 81%. Seismic equipment sales for the nine months ended October 31, 1996 were \$2,007,000, an increase of \$364,000, or 22.2%, as compared to \$1,643,000 for the same prior year period.

While the Company's leasing revenues increased by \$1,925,000 for the nine months ended October 31, 1996 as compared to the same prior year period, sublease costs decreased by \$111,000 and depreciation, which related primarily to equipment available for lease, increased by \$1,126,000 due to increase in the lease fleet, resulting in an increase in net leasing revenues of \$910,000.

Gross margins on seismic equipment sales were 37.2% and 39.1% for the nine months ended October 31, 1996 and 1995, respectively. Margins on sales of used equipment vary based upon the size of the transaction, the availability of the product sold and the means by which the equipment was acquired. Higher dollar transactions tend to yield lower margins than do lower dollar transactions, while readily available equipment yields lower margins than equipment that is difficult to locate. In addition, the Company's costs on a specific piece of equipment may differ substantially based upon whether it was acquired through a bulk purchase or a discrete search.

General and administrative expenses increased 21.1%, or \$209,000, for the nine months ended October 31, 1996 as compared to the same period in 1995 and were 16.3% and 19.5% of total revenues for the nine months ended October 31, 1996 and 1995, respectively. This decrease in general and administrative expenses as a percent of total expenses was the result of overhead expenses remaining relatively constant as revenues increased, offset in part by increases in legal and accounting expenses associated with being a public company.

The Company's provision for doubtful accounts expense increased from \$372,000 in the fiscal 1996 period to \$418,000 in the fiscal 1997 period. The increase was a result of additional provisions for the allowance account. As of October 31, 1996, the Company's allowance for doubtful accounts receivable amounted to \$615,000, which was an amount management believed was sufficient to cover any potential losses in trade accounts receivable as of that date.

Net income for the nine months ended October 31, 1996 increased by \$538,000, as compared to the same 1995 period. The increase resulted primarily from the increase in net leasing revenues offset by increases in general and administrative and the provision for bad debt expense.

Fiscal Year Ended January 31, 1996 Compared with Fiscal Year Ended January 31, 1995

Revenues for fiscal 1996 of \$7,292,000 represented an increase of 38.0% over fiscal 1995 revenues of \$5,284,000. Leasing services generated revenues of \$5,157,000 for fiscal 1996, an increase of \$2,733,000, or 112.7%, as compared to fiscal 1995. The majority of this increase was attributable to additions of lease fleet equipment throughout fiscal 1996 to meet lease demand. The Company's utilization rate in fiscal 1996 on its 3-D channel boxes was approximately 90%. Seismic equipment sales for the year ended January 31, 1996 were \$2,135,000, a decrease of \$725,000, or 25.3%, from fiscal 1995.

While the Company's leasing revenues increased by \$2,733,000 during fiscal 1996 as compared to fiscal 1995, sublease costs increased by only \$6,000 and depreciation, which related primarily to equipment available

for lease, increased by \$968,000 due to the increase in the lease fleet, resulting in an increase in net leasing revenues of \$1,759,000.

Gross margins on seismic equipment sales were 49.2% and 29.1% for fiscal 1996 and 1995, respectively. The margin for fiscal year 1996 was significantly higher because of a few high-margin transactions.

General and administrative expenses increased 45.5%, or \$420,000, in fiscal 1996 as compared to fiscal 1995 and were 18.4% and 17.5% of total revenues for fiscal 1996 and 1995, respectively. The increase was due primarily to increased personnel costs and higher legal and accounting expenses associated with the Company being a public company. The Company's provision for doubtful accounts increased from \$35,000 in fiscal 1995 to \$627,000 in fiscal 1996. The increase reflected the write-off of amounts due from a leasing customer which became severely past due and was ultimately settled for \$272,000 less than the amount due from such customer, and additional allowances provided for amounts due from a second leasing customer with an outstanding receivable of \$459,000 at January 31, 1996, the majority of which was past due at that date. The latter outstanding receivable was ultimately collected in full. As of January 31, 1996, the Company's allowance for doubtful accounts receivable amounted to \$347,000, which is an amount management believed was sufficient to cover any potential losses in trade accounts receivable as of that date.

Net income increased in fiscal 1996 by \$713,000, as compared to fiscal 1995. The increase resulted primarily from the increase in net leasing revenues.

Fiscal Year Ended January 31, 1995 Compared with Fiscal Year Ended January 31, 1994

Revenues for fiscal 1995 of \$5,284,000 represented an increase of 16.7% over fiscal 1994 revenues of \$4,527,000. Leasing services generated revenues of \$2,424,000 for fiscal 1995, an increase of \$823,000, or 51.4%, as compared to fiscal 1994. The majority of this increase was attributable to additions of lease fleet equipment throughout fiscal 1995 to meet lease demand. The Company's utilization rate on the I/O equipment during fiscal 1995 was approximately 90%. Seismic equipment sales for the year ended January 31, 1995 were \$2,860,000, a decrease of \$66,000, or 2.3%, from fiscal 1994.

The Company's leasing revenues increased by \$823,000 during fiscal 1995 as compared to fiscal 1994, while sublease costs decreased by \$651,000 and depreciation, which related primarily to equipment available for lease, increased by \$301,000, resulting in an increase in net leasing revenues of \$1,173,000.

Gross margins on seismic equipment sales were 29.1% and 39.4% for fiscal 1995 and 1994, respectively. The Company purchases used seismic equipment for resale when management determines that such equipment is available at advantageous prices. Gross margins on the Company's equipment sales fluctuate from year to year and have historically ranged from 20% to 50%. The margins for fiscal 1995 and 1994 are consistent with historical margins on seismic equipment sales.

General and administrative expenses increased 41.1%, or \$269,000, in fiscal 1995 as compared to fiscal 1994 and were 17.5% and 14.5% of total revenues for fiscal 1995 and 1994, respectively. The increase was due primarily to personnel, legal and accounting expenses. Personnel costs increased as a result of the Company adding a chief financial officer during the year. Net interest increased \$193,000 to \$209,000 in fiscal 1995 due to various equipment and bridge loans outstanding during fiscal 1995. Legal and accounting costs increased in fiscal 1995 due to legal and accounting costs associated with the Company's initial public offering consummated in January 1995.

Net income increased in fiscal 1995 by \$297,000, as compared to fiscal 1994. The increase resulted primarily from the increase in leasing revenues combined with a \$651,000 decrease in seismic equipment sublease expense, a \$301,000 increase in depreciation, and lower margins on seismic equipment sales.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities for the nine months ended October 31, 1996, increased by \$749,000, or 40.2%, as compared to the same 1995 period. At October 31, 1996, of the Company's customers with trade receivables more than 90 days past due, four customers had an aggregate of \$983,000 more than

90 days past due. The Company has historically had an average collection period of between 60 to 90 days for its trade accounts receivable. Grant Geophysical, Inc. ("Grant") filed for bankruptcy protection during December 1996. Revenues derived from Grant amount to 18.5% of total revenues for the eleven-month period ended December 31, 1996. As of that date, amounts due from Grant totalled \$1,013,000. During December 1996, the Company increased its allowance for trade accounts receivable from \$615,000 at October 31, 1996 to \$1,500,000 at December 31, 1996, which amount was intended to fully reserve all amounts due from Grant and provide for any potential loss associated with the Company's remaining trade accounts receivable.

As of October 31, 1996, the outstanding principal balance Term Loan was approximately \$3.6 million and there were no amounts outstanding under the Working Capital Revolver. Approximately \$1.0 of the Term Loan was advanced to the Company at January 31, 1996 and was used primarily to pay amounts due to I/O for 3-D channel boxes. In March 1996, an additional approximately \$3.1 million of the Term Loan was advanced and an aggregate of approximately \$1.5 million was used to pay all amounts outstanding under a previous term loan and revolving credit line and to pay amounts due to I/O for 3-D channel boxes. Approximately \$4.4 million of the net proceeds of this Offering will be used to pay the \$1.0 million and \$3.4 million currently outstanding balances of the Working Capital Revolver and the Term Loan, respectively.

As of December 31, 1996, capital expenditures for the 1997 fiscal year totalled \$11.3 million and the Company has budgeted capital expenditures of approximately \$20.0 million for the 1998 fiscal year, including approximately \$14.0 million of seismic equipment to be purchased with the net proceeds of this Offering. The Company believes that the net proceeds of this Offering, cash provided by operations and funds available from its commercial lenders will be sufficient to fund its operations and budgeted capital expenditures for the 1998 fiscal year.

BUSINESS

Mitcham Industries, Inc. leases and sells seismic data acquisition equipment to companies engaged in the oil and gas industry. The Company believes it is the leading independent lessor of land-based 3-D seismic data acquisition equipment, including channel boxes and other peripheral equipment. Seismic data acquisition equipment is used in the identification and graphic definition of subsurface geologic structures and formations that potentially contain oil and gas. Channel boxes are remote data acquisition units that collect and transmit seismic data. The Company has exclusive lease referral and supply agreements with the two principal manufacturers of land-based 3-D seismic equipment, I/O and SERCEL. From January 1, 1994 through December 31, 1996, the Company's lease fleet of 3-D channel boxes increased from 85 to approximately 2,000 (or from 510 channels to approximately 12,000 channels). EBITDA of approximately \$4.0 million for the fiscal year ended January 31, 1996 represented an increase of 90.4% over the fiscal year ended January 31, 1995, and EBITDA of approximately \$4.6 million for the nine months ended October 31, 1996 represented an increase of 82.6% over the same prior year period.

Demand for channel boxes has increased significantly in recent years primarily due to the increasing use of 3-D seismic surveys. Current 3-D seismic techniques use a greater number of channels and channel boxes than 2-D surveys, thereby providing higher resolution data for a better representation of the earth's subsurface. Additionally, oil and gas companies are contracting for 3-D surveys over larger geographical areas and often specify an increase in the concentration of channel boxes as a means of increasing data resolution. Consequently, seismic survey companies frequently use more than twice the number of channels for surveys than they typically own. The Company believes that many companies providing land-based seismic surveys will meet this additional requirement by leasing channel boxes and supporting peripheral equipment on a short-term basis rather than making the substantial capital expenditures necessary to purchase such equipment.

The Company leases its seismic equipment primarily to seismic data acquisition companies and major oil and gas exploration companies conducting land-based seismic data acquisition surveys. The leases generally have terms between three and nine months and are renewable thereafter on a month-to-month basis. Rates for 3-D channel boxes range from between 6% to 8% per month of the equipment's purchase price. For the nine months ending October 31, 1996, the Company maintained a utilization rate of its 3-D channel boxes in excess of 80%.

The Company has entered into supply and exclusive referral agreements with each of I/O and SERCEL. The Company believes that most of the land-based 3-D seismic systems and equipment currently in use and being put into use are I/O and SERCEL systems. The agreement with I/O, originally entered into in February 1994, has been the source of a majority of the Company's lease pool equipment to date. Pursuant to this agreement, I/O must refer to the Company, on an exclusive basis, any requests it receives to lease its 3-D channel boxes and certain peripheral equipment in North and South America. A condition of the agreement with I/O is that the Company must purchase, at favorable rates, \$13.3 million of equipment from I/O by May 31, 2000. Through December 31, 1996, the Company has met \$4.8 million of this requirement.

In September 1996, the Company entered into two agreements with SERCEL. One agreement provides that until December 31, 1999, the Company will be SERCEL's exclusive worldwide leasing agent and that SERCEL must refer to the Company all requests it receives to lease its 3-D data acquisition equipment and peripheral equipment. This agreement also provides that the Company must purchase, at favorable rates, up to \$10.2 million of 3-D data acquisition equipment and other field equipment from SERCEL. Through December 31, 1996, the Company has met \$4.5 million of this requirement. The second agreement provides that until September 19, 1999, subject to earlier termination after September 20, 1997, the Company will be SERCEL's exclusive sales agent in Canada. See "-- I/O Agreement" and "-- SERCEL Agreements."

BUSINESS STRATEGY

The Company's business strategy is to meet the expanding needs of users of 3-D seismic equipment through its leasing and support services. In order to accomplish this, the Company has identified the following major objectives:

- Enlarge and diversify its lease pool of seismic equipment. As demanded by customers, the Company will continue to increase its lease pool of channel boxes and peripheral seismic equipment, such as seismic vibrators, vibrator control electronics and geophones. The Company believes that the availability of a larger and more complete pool of 3-D seismic equipment for lease will encourage seismic survey companies to increasingly lease, rather than purchase, such equipment. The Company is also evaluating the feasibility of a lease pool of marine seismic equipment.
- Expand its international presence. The Company receives referrals from SERCEL on a worldwide basis and is its exclusive sales agent in Canada, where the Company has an office in Calgary, Alberta. The Company believes that its alliances with I/O and SERCEL will help the Company to further penetrate, on a cost-effective basis, international markets, where such manufacturers are well-recognized and have well-developed business relationships. The Company is also evaluating the feasibility of opening additional foreign offices.
- Develop and enhance alliances with major seismic equipment manufacturers. The Company uses alliances with manufacturers such as I/O and SERCEL to acquire and build its lease pool of equipment and increase customer referrals. The Company continues to seek to expand the scope of these alliances, as well as develop arrangements with other equipment manufacturers.

SEISMIC TECHNOLOGY

Oil and gas exploration companies utilize seismic data generated from the use of digital seismic systems and peripheral equipment in determining optimal locations for drilling oil and gas wells, in the development of oil and gas reserves, and in reservoir management for the production of oil and gas. A complete digital seismic data acquisition system generally consists of (i) a central electronics unit that records and stores digital data ("CEU"), (ii) channel boxes, (iii) geophones, or seismic sensors and (iv) other peripheral, or accessory, equipment. Other peripheral equipment includes earth vibrators that create the necessary acoustic wave being analyzed and geophysical cables that transmit digital seismic data from the channel boxes to the CEU.

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

In the past, the 2-D seismic survey was the standard data acquisition technique used to describe geologic formations over a broad area. 2-D seismic data can be visualized as a single vertical plane of subsurface information, and 2-D seismic surveys typically require 120 recording channels. Data gathered from a 3-D seismic survey is best visualized as a cube of information that can be sliced into numerous planes, providing different views of a geologic structure with much higher resolution than is available with traditional 2-D seismic survey techniques. 3-D seismic surveys require much larger data acquisition systems with a minimum of 480 recording channels. Because of the greater number of channels and flexible configuration, 3-D seismic data provides more extensive and detailed information regarding the subsurface geology than does 2-D data. As a result, 3-D data allows the geophysicists interpreting the data to more closely select the optimal location of a prospective drillsite or oil and gas reservoir.

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

While most working 3-D systems currently use from 600 to 800 channels, management believes that the typical request for proposal from oil and gas exploration companies now specifies a minimum of 1,000 to 1,200 channels. The Company believes that many seismic service companies meet this requirement for additional equipment by leasing, rather than purchasing, the additional required channel boxes.

BUSINESS AND OPERATIONS

Seismic Equipment Leasing. The Company typically purchases new and used seismic equipment for lease to its customers. After the termination of the initial lease, the Company enters into additional short-term leases with its customers engaged in seismic data acquisition. The Company's equipment leasing services generally include the lease of the various components of seismic data acquisition systems to meet a customer's job specifications. Such specifications may vary as to the number of channel boxes, geophones, geophysical cables and other peripheral equipment items.

The Company is pursuing a strategy of growth in its seismic equipment leasing business, as potential for growth in new and used seismic equipment sales is not believed to be significant. The Company currently has in its lease fleet a total of approximately 2,000 3-D channel boxes, or a total of approximately 12,000 channels (each channel being capable of electronically converting seismic data from analog to digital and transmitting the digital data), and various peripheral equipment such as geophones, earth vibrators and geophysical cables. The Company's utilization rate on its 3-D channel boxes in the first nine months of fiscal 1997 was in excess of 80%.

Since the Company's customers lease its seismic equipment to meet shortages of a varying number of channels for specific surveys, the Company does not lease all of the channel boxes and other peripheral equipment required for seismic surveys. Rather, the Company is in the business of satisfying shortages of such equipment on a short-term basis. The Company's equipment leases generally have terms of three to nine months and are typically renewable on a month-to-month basis. The Company offers maintenance of its leased seismic equipment during the lease term for malfunctions due to failure of material and parts and will provide replacement equipment as necessary. In addition, the Company provides telephone support to answer questions of its lease customers.

The Company's monthly lease rates for its 3-D channel boxes have ranged from 6% to 8% of the purchase price. Lease payments are due and payable on the first day of each month of the lease term. The Company typically requires its lessees to provide a deposit in the amount of one month's lease payment as security for the cost of any repairs in excess of normal wear and tear that may be required after the termination of lease term. The lessee must also obtain and keep in force a minimum of \$1.0 million general liability and casualty insurance on the leased equipment during the term of the lease, and, before equipment is delivered, provide certification to the Company that the Company has been named an additional insured and loss payee on such policy. All taxes (other than U.S. federal income taxes) and assessments are the contractual obligation of the lessee. To the extent foreign taxes are not paid by the lessor, the relevant foreign taxing authority might seek to collect such taxes from the Company. To date, no such collection action has been taken against the Company.

A majority of the Company's leasing revenues have historically come from North American operations. Within North America, about one-half of the Company's total revenues are attributable to Canadian operations, with the remainder related to United States business. Management believes that the United States

and Canada will continue to be the focal points of the Company's seismic equipment leasing operations for the foreseeable future.

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

Seismic Equipment Sales. The Company's equipment sales business serves a diverse base of industry, governmental, university and research customers. The Company typically buys equipment for resale: (i) at disposal prices, speculatively; and (ii) in response to specific customer orders. On occasion, the Company will also hold equipment of third parties and sell such equipment on consignment.

In large part, the Company's international operations (excluding Canada) have been restricted to the sale of used equipment. Over the past three years, its primary international markets have been Europe, Australia and China. In the near future, the Company believes that these markets will continue to comprise a majority of the Company's international sales.

I/O AGREEMENT

Under the I/O Agreement, the Company is the exclusive third-party recipient of requests from I/O customers and others to lease channel boxes in North and South America through May 31, 2000 and may acquire 3-D channel boxes from I/O at favorable prices based upon the volume of channel boxes purchased. Subject to certain exceptions, I/O may not recommend or suggest any competitor of the Company as a potential lessor of I/O 3-D channel boxes in North and South America. As a manufacturer of complete data acquisition systems that are compatible only with I/O channel boxes, I/O typically receives inquiries to lease I/O 3-D channel boxes from customers desiring to expand the capacities of their systems on a short-term basis.

A condition of the I/O Agreement is that the Company must purchase an aggregate of \$13.25 million of I/O 3-D channel boxes on or before May 31, 2000 in the following stated installments: (i) by November 30, 1996, at least \$3.0 million, (ii) from January 1, 1997 through May 31, 1997, at least \$1.25 million and (iii) in each of the years from June 1, 1997 through May 31, 1998, June 1 through May 31, 1999, and June 1, 1999 through May 31, 2000, at least \$3.0 million. As of December 31, 1996, the Company had purchased I/O equipment totalling \$4.8 million under the I/O Agreement, thereby exceeding its purchase requirements through May 1997.

Under the I/O Agreement, I/O must inform the Company by telephone, facsimile or letter of the identity of the third party prospective lessee and the terms, if any, that have been discussed regarding a proposed lease. The Company may then contact the prospective lessee and negotiate the terms of a proposed lease of channel boxes. If the Company (i) is unable to lease the 3-D channel boxes due to a shortage in its lease fleet, (ii) cannot agree with a prospective lessee on the terms of a proposed lease within 72 hours of the lessee's introduction to the Company or (iii) otherwise chooses not to lease to a prospective lessee, then I/O may lease channel boxes to the prospective lessee. I/O has indicated that the 72-hour time period referred to may be extended as long as the Company and a prospective lessee are engaged in good faith negotiations and neither of them has terminated such negotiations.

Leases of channel boxes with purchase options are specifically excluded from the I/O Agreement. Therefore, I/O may continue to enter into leases with purchase options in North and South America during the term of the I/O Agreement. I/O may also continue to sell 3-D channel boxes during the term of the I/O Agreement.

The Company primarily purchases new channel boxes from I/O, but from time to time purchases channel boxes from I/O's existing lease fleet. All of the channel boxes purchased from I/O which are new are

covered by a warranty which covers, with certain exceptions, defects in workmanship for six months and defects in materials and parts for 12 months. The channel boxes, if acquired from I/O's existing lease fleet and therefore used previously, will be refurbished by I/O and carry a warranty which covers, with certain exceptions, defects in workmanship for three months.

The I/O Agreement is subject to termination upon the occurrence of the Company's (i) failure to comply with the terms of the I/O Agreement after having received written notice of its non-compliance, (ii) discontinuance as a going concern, (iii) default in the payment of any obligations to I/O after having received notice that payment is due, (iv) insolvency or bankruptcy, and (v) change of ownership or control. For purposes of (v), no acquisition or disposition of the Company's capital stock will be considered a change of ownership or control as long as (a) Billy F. Mitcham, Jr. retains ownership of at least 250,000 shares of Common Stock of the Company and remains its President, and (b) no competitor of I/O owns or has rights to acquire more than 5% of the Company's capital stock.

SERCEL AGREEMENTS

SERCEL Lease Agreement

In September 1996, the Company entered into the Exclusive Equipment Lease Agreement with SERCEL (the "SERCEL Lease Agreement"), under which the Company acts as SERCEL's exclusive worldwide short-term leasing agent throughout the world and SERCEL must refer to the Company all requests it receives (other than requests from its affiliates) to lease its 3-D data acquisition equipment and other field equipment. Subject to the exceptions discussed below, SERCEL may not recommend or suggest any competitor of the Company as a potential lessor of such data acquisition equipment. In addition, the Company may not engage in financing leases and leases for a duration of more than one year.

A condition of the SERCEL Lease Agreement is that the Company must purchase an aggregate of \$10.2 million of SERCEL data acquisition and other field equipment on or before December 31, 1999 in six installments of \$1.7 million as follows: (i) by June 30, 1997, and (ii) from July 1, 1997 to December 31, 1997 and each succeeding six-month period thereafter through December 31, 1999. However, SERCEL may not terminate the agreement if the Company fails to purchase the minimum requirement in a period ending before June 30, 1998, unless in the succeeding period the Company does not make aggregate purchases equal to any shortfall for the previous period, plus the minimum purchase requirement for the succeeding period. As of December 31, 1996, the Company had purchased SERCEL equipment totalling \$4.5 million, thereby exceeding its purchase requirements through December 31, 1997.

As with the I/O Agreement, SERCEL must inform the Company of the identity of the third party prospective lessee and the terms, if any, that have been discussed regarding a proposed lease. If the Company either (i) is unable to lease the SERCEL equipment due to a shortage in its lease fleet, (ii) cannot agree with a prospective lessee on the terms of a proposed lease within five business days of the lessee's introduction to the Company, or (iii) otherwise chooses not to lease to a prospective lessee, then SERCEL may lease its equipment to the prospective lessee.

The agreement is subject to termination by SERCEL (i) at any time upon (x) the Company's failure to comply with the terms of the agreement after having received written notice of its non-compliance, (y) SERCEL's reasonable belief that the Company has violated or intends to violate the Foreign Corrupt Practices Act of 1977, as amended, (z) the Company's insolvency or voluntary or involuntary bankruptcy or assignment for the benefit of creditors and (ii) upon 90 days prior written notice if the Company no longer employs Billy F. Mitcham, Jr. in a senior management capacity.

SERCEL Sales Agreement

Through Mitcham Canada Ltd., the Company's wholly-owned subsidiary formed in September 1996, the Company entered into the Commercial Representation Agreement (the "SERCEL Sales Agreement") with Georex, Inc., a wholly-owned subsidiary of SERCEL, under which the Company is SERCEL's designated sales agent in Canada for its data acquisition and other field equipment through September 19, 1999, subject

to earlier termination after September 20, 1997 on 90 days prior notice. If not sooner terminated, the agreement will automatically be extended for successive one-year periods after September 19, 1999. Under the agreement, the Company is entitled to receive a commission on all SERCEL equipment and spare parts sold by the Company in Canada.

In connection with the SERCEL Sales Agreement and the SERCEL Lease Agreement, in November 1996, the Company established an office in Calgary, Alberta, Canada to sell, service and lease SERCEL equipment and to lease and service equipment of other manufacturers. The Company is prohibited from selling seismic equipment that competes with SERCEL equipment during the term of the agreement and for six months thereafter, except that the Company may sell individual components that compete with components of SERCEL equipment, such as I/O 3-D channel boxes and Pelton vibrator control electronics, as well as any seismic equipment previously used in its lease fleet.

The SERCEL Sales Agreement is subject to termination by Georex upon the Company's (i) failure to comply with the terms of the agreement after having received written notice of its non-compliance, (ii) Georex's reasonable belief that the Company has violated or intends to violate the Foreign Corrupt Practices Act of 1977, as amended or (iii) the Company's insolvency or voluntary or involuntary bankruptcy or assignment for the benefit of creditors.

PELTON AGREEMENT

In June 1996, the Company entered into an exclusive lease referral agreement (the "Pelton Agreement") with Pelton Company, Inc. The Company believes Pelton is the leading manufacturer and supplier of vibrator control electronics. The terms of the Pelton Agreement regarding exclusive lease referrals and favorable prices are substantially similar to those of the I/O Agreement, except that (i) the Company has the exclusive referral rights with respect to Pelton's vibrator control electronics throughout the world, through December 31, 1997, subject to cancellation by either party thereafter upon three months prior written notice and (ii) there are no minimum purchase requirements.

The termination provisions of the Pelton Agreement are also substantially similar to those of the I/O Agreement, except that Billy F. Mitcham, Jr.'s failure to continue to be employed as President of the Company will not cause the termination of the Pelton Agreement.

CUSTOMERS; SALES AND MARKETING

The Company's major lease customers are seismic data acquisition companies and major and independent oil and gas exploration companies. The Company typically has a small number of lease customers, the composition of which changes yearly as leases are negotiated and concluded and equipment needs vary. As of October 31, 1996, the Company had 23 lease customers with active leases of various lengths. Customers of the Company's used and new seismic equipment sales and service business (in addition to the aforementioned lease customers, some of whom purchase significant amounts of equipment) include foreign governments, universities, engineering firms and research organizations worldwide.

The Company participates in both domestic and international trade shows and expositions to inform the oil and gas industry of its products and services. In addition to advertising in major geophysical trade journals, direct advertising in the form of a biannual listing of equipment offerings is mailed to over 3,000 oil and gas industry participants. The Company believes this mailing generates significant seismic equipment lease and sales revenues. In addition, the Company placed advertisements of its affiliation with each of I/O, SERCEL and Pelton in several major geophysical trade journals. The Company also maintains a web site at <http://www.mitchamindustries.com> on which it lists its seismic equipment for sale and lease.

The Company works with a network of representatives in several international markets, including the United Kingdom, Canada and the Commonwealth of Independent States. These agents generate equipment sales, and to a lesser extent, equipment leasing business for the Company and are compensated on a commission basis. The Company also expends resources in the areas of customer service, product support and

the maintenance of customer relationships. In November 1996, the Company established an office in Calgary, Alberta, Canada from which it leases and sells seismic equipment.

COMPETITION

Competition in seismic equipment leasing is fragmented. The Company is aware of numerous companies that own seismic equipment that lease such equipment; however, the Company believes those companies do not lease seismic equipment of several manufacturers or have as extensive a lease pool as does the Company. The Company also believes those companies do not have exclusive lease referral agreements with suppliers similar to the Company's. Competition exists to a lesser extent from seismic data acquisition firms that may lease equipment that is temporarily idle. Under the I/O Agreement, I/O and its subsidiary, Global Charter Corporation, retain the right to continue to (i) lease channel boxes in certain situations where the Company and a prospective lessee cannot or do not enter into a lease, as more fully described in the I/O Agreement; (ii) lease channel boxes with a purchase option in North and South America; and (iii) lease channel boxes outside of North and South America. Global owns and operates a lease fleet of rental seismic equipment, including 3-D channel boxes. Global leases seismic equipment subject to purchase options and arranges the financing for such leases. The Company does not believe those equipment leases compete with the Company's seismic equipment leases, as the Company does not typically engage in lease/purchase arrangements of I/O seismic equipment. See "Risk Factors -- Competition."

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

SUPPLIERS

The Company has several suppliers of the seismic equipment for its lease fleet. The Company currently acquires the majority of the 3-D channel boxes for its lease fleet from I/O and SERCEL and acquires the majority of its vibrator control electronics from Pelton. The Company believes that I/O and SERCEL manufacture most of the land-based seismic systems and equipment in use. Other suppliers of peripheral seismic equipment include OYO/Geospace (geophones, cables and seismic cameras), Mark Products (geophones and cables), Mertz, Inc. (seismic vibrators) and George E. Failing Co. (seismic vibrators). From time to time, the Company purchases new and used peripheral seismic equipment from various other manufacturers. Management believes that its current relationships with its suppliers are satisfactory.

EMPLOYEES

As of October 31, 1996, the Company employed 13 people, none of whom is covered by a collective bargaining agreement. Nine employees are involved in sales, management and administration and four work in field operations. The Company considers its employee relations to be satisfactory.

PROPERTIES

The Company owns its corporate office and warehouse facilities in Huntsville, Texas. Its headquarters facility consists of 25,000 square feet of office and warehouse space on approximately six acres. See "Certain Transactions and Relationships." The Company also leases approximately 10,000 square feet of office and warehouse space at its facilities in Calgary, Alberta, Canada.

LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings.

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information with respect to the directors and executive officers of the Company:

NAME	AGE	POSITION(S) WITH THE COMPANY
Billy F. Mitcham, Jr.	49	Chairman of the Board of Directors, President and Chief Executive Officer
Paul C. Mitcham	32	Vice-President -- Operations and Director
Roberto Rios	38	Vice-President -- Finance, Secretary, Treasurer and Director
William J. Sheppard	49	Vice-President -- International Operations and Director
Gordon M. Greve	61	Director
Randal Dean Lewis	52	Director
John F. Schwalbe	52	Director

Billy F. Mitcham, Jr. has been Chairman of the Board of Directors, President and Chief Executive Officer of the Company since 1987. He has more than 20 years of experience in the geophysical industry. From 1979 to 1987, he served in various management capacities with Mitcham Associates, Inc., an unrelated equipment leasing company. From 1975 to 1979, Mr. Mitcham served in various capacities with Halliburton Services, primarily in oilfield services.

Paul C. Mitcham is Vice President -- Operations and a director of the Company. He is the brother of Billy F. Mitcham, Jr. Mr. Mitcham has been employed by the Company in various management positions since 1989. Prior to 1989, he worked in various field positions in the geophysical industry.

Roberto Rios was elected Vice-President -- Finance, Secretary and Treasurer and a director of the Company in September 1994. From 1990 until joining the Company in September 1994, Mr. Rios held several senior-level positions, including Vice President and General Manager, with ADV0, Incorporated, a publicly-traded nationwide direct mail distribution company. From 1980 to 1989, he held several senior-level financial positions, including Controller, of The Shoppers' Guide, a company that produces a direct mail advertising guide and that is a subsidiary of Harte-Hanks Communications, Inc., a multimedia company. Mr. Rios is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.

William J. Sheppard was elected Vice-President -- International Operations and a director of the Company in October 1994. Mr. Sheppard has more than 25 years of experience in the geophysical industry. From 1987 until October 1994, Mr. Sheppard was the President of Alberta Supply Company, a Canadian seismic equipment sales and services company.

Gordon M. Greve was elected a director of the Company in June 1995. He held various management positions with Amoco Corporation from July 1977 through September 1994 and has more than 30 years of experience in the geophysical industry. He served as the Acting Vice-President of Exploration Technology and Services from February through September 1994. From February 1991 through February 1994, he was manager of exploration. From July 1986 to February 1991, he was a manager in geophysics. Mr. Greve served as the President of the Society of Exploration Geophysicists for the 1995-1996 term, which began in October 1995.

Randal Dean Lewis was elected a director of the Company in November 1994. Mr. Lewis is the interim Dean of the Business School at Sam Houston State University and he has served in this capacity since October 1995. From 1987 to October 1995, Mr. Lewis was the Associate Dean and Professor of Marketing at Sam Houston State University. Prior to 1987, Mr. Lewis held a number of executive positions in the banking and finance industries.

John F. Schwalbe was elected a director of the Company in November 1994. Mr. Schwalbe has been a Certified Public Accountant in private practice since 1978, with primary emphasis on tax planning, consultation, and compliance.

The Bylaws of the Company authorize the Board of Directors to fix the number of directors of the Company. The Board of Directors is currently comprised of seven members. Each director and each executive officer of the Company serves until the earliest to occur of (i) his death, resignation or removal; or (ii) the election of his successor. No family relationships exist among the officers and directors of the Company except among Messrs. Mitcham. See "Certain Transactions and Relationships."

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the Company's executive officers or directors serve on the board of directors or the compensation committee of any other entity. None of the members of the Compensation Committee are, or were formerly, officers or employees of the Company.

BOARD COMMITTEES

The Board of Directors has established an Audit Committee and a Compensation Committee. The Audit Committee is comprised of Messrs. Schwalbe, Lewis and Greve. Its functions are to: (i) recommend the appointment of independent public accountants; (ii) review the scope of the audit by the independent public accountants; (iii) review the independence of the independent public accountants; (iv) consider the adequacy of the system of internal controls and review any proposed corrective actions; (v) review and monitor the Company's policies regarding business ethics and conflicts of interest; and (vi) discuss with management and the independent public accountants the Company's draft of annual financial statement and key accounting and/or reporting matters. The Compensation Committee, also comprised of Messrs. Schwalbe, Lewis and Greve, is responsible for (i) reviewing the Company's general compensation strategy; (ii) establishing the salaries and bonuses of the Company's executive officers; and (iii) reviewing and administering the Company's 1994 Stock Option Plan.

BOARD COMPENSATION

The Company pays directors who are not employees of the Company \$500 for every meeting attended and reimburses their expenses incurred in attending board and committee meetings. In addition, the Director Plan provides that each nonemployee director will receive an option to purchase 1,000 shares of Common Stock upon becoming a director and on the date of each annual meeting of shareholders at which he is re-elected as a director. See " -- Stock Option Plans."

EXECUTIVE COMPENSATION

The following table sets forth all compensation paid by the Company for the fiscal years ended January 31, 1994, 1995 and 1996 to Billy F. Mitcham, Jr., the Chairman of the Board, Chief Executive Officer and President of the Company. No other executive officer of the Company received compensation that exceeded \$100,000 during any of those fiscal years.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	FISCAL YEAR ENDED JANUARY 31	ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARDS	
		SALARY	BONUS	OTHER	SECURITIES UNDERLYING STOCK OPTIONS	ALL OTHER COMPENSATION
Billy F. Mitcham, Jr.	1996	\$100,000	\$40,685	--	9,000	--
Chairman of the Board,	1995	72,000(1)	--	--	116,000	--
President and Chief Executive Officer	1994	72,000	25,000	--	--	--

(1) Mr. Mitcham, Jr. opted to receive a lower salary in the fiscal year ended January 31, 1995 than he was entitled to under the terms of his Employment Agreement, described below. Though not specifically stated in the Employment Agreement, Mr. Mitcham, Jr. felt the intent of the parties was that the increased salary would not be effective until the consummation of the Company's initial public offering, which occurred in January 1995. The \$28,000 of his salary that he opted not to receive was not deferred and will not be paid in a future year. As of February 1, 1995, Mr. Mitcham, Jr. began receiving his full salary.

Option Grants. The following table sets forth the individual grants of stock options made by the Company during the fiscal year ended January 31, 1996 to Billy F. Mitcham, Jr. The Company does not grant any stock appreciation rights.

OPTION GRANTS IN LAST FISCAL YEAR

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (#)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN 1996 FISCAL YEAR	EXERCISE OR BASE PRICE (\$/SH)	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(2)		
					0%	5%	10%
Billy F. Mitcham, Jr.	9,000(1)	14.3%	\$ 3.29(1)	Dec. 4, 2005	\$3.87	\$5.36	\$8.53

(1) Nonqualified stock option granted on December 4, 1995 under the 1994 Stock Option Plan. The option may be exercised to purchase the total number of shares on December 4, 1996. The option price was set at 85% of the fair market value of the Company's Common Stock. The fair market value of a share of the Company's Common Stock is the closing price at which the Common Stock was sold on the date of grant. To the extent the option is not vested on the optionee's retirement, death or disability, it is forfeited.

(2) The 5% and 10% assumed annual rates of compounded stock prices appreciation are mandated by rules of the Securities and Exchange Commission and do not represent the Company's estimate or projection of the Company's future Common Stock prices. These amounts represent certain assumed rates of appreciation only. Actual gains, if any, on stock option exercises are dependent on the future performance of the Common Stock and overall stock market conditions. The amounts reflected in this table may not necessarily be achieved.

Option Exercises and Year-End Option Grants. The following table sets forth the year-end values of unexercised options held by Billy F. Mitcham, Jr. at January 31, 1996. Billy F. Mitcham, Jr. did not exercise any stock options in the 1996 fiscal year.

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS AT JANUARY 31, 1996 (#)	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT JANUARY 31, 1996(1)
	EXERCISABLE/UNEXERCISABLE	EXERCISABLE/UNEXERCISABLE
Billy F. Mitcham, Jr.....	116,000/9,000	\$58,000/\$11,160

(1) Represents the difference between the closing price of the Company's Common Stock on January 31, 1996 (\$5.50) and the exercise price of the options, multiplied by number of shares represented by such options.

EMPLOYMENT AGREEMENT WITH BILLY F. MITCHAM, JR.

Mr. Mitcham's employment agreement with the Company is for a term of five years, beginning January 15, 1997, which term is automatically extended for successive one-year periods unless either party gives written notice of termination at least 30 days prior to the end of the current term. The agreement provides for an annual salary of \$150,000, subject to increase by the Board of Directors. It may be terminated prior to the end of the initial term or any extension thereof if Mr. Mitcham dies; if it is determined that Mr. Mitcham has become disabled (as defined); if the Board of Directors determines that Mr. Mitcham has breached the employment agreement in any material respect, has appropriated a material business opportunity of the Company or has engaged in fraud or dishonesty with respect to the Company's business or is convicted of or indicted for any felony criminal offense or any crime punishable by imprisonment. If Mr. Mitcham's employment is terminated by the Company prior to the end of the initial five-year term other than for a reason enumerated above, Mr. Mitcham will be entitled to payments equal to \$450,000, payable ratably over the 24 months following such termination. For a period of two years after the termination of the agreement, Mr. Mitcham is prohibited from engaging in any business activities that are competitive with the Company's business and from diverting any of the Company's customers to a competitor. The Company has no employment agreements with any of its other executive officers. See "Risk Factors -- Dependence on Key Personnel."

STOCK OPTION PLANS

The Company has adopted the Mitcham Industries, Inc. 1994 Stock Option Plan (the "Stock Option Plan"). Options to purchase a maximum of 350,000 shares of Common Stock may be issued under the Stock Option Plan to officers, employee directors, key employees and consultants of the Company. As December 31, 1996, options to purchase an aggregate of 285,750 shares of Common Stock are issued and outstanding under the Stock Option Plan with a weighted average exercise price of \$4.74 per share. The Stock Option Plan provides both for the grant of options intended to qualify as "incentive stock options" under the Internal Revenue Code of 1986, as amended (the "Code"), as well as options that do not so qualify. Pursuant to the Stock Option Plan, the Compensation Committee will determine the persons to whom options are granted, the number of shares of Common Stock subject to options, the period during which the options vest and may be exercised, and the option price. The Stock Option Plan places restrictions on the grant of options under any plan of the Company to persons who are, at the time of the grant, members of the Compensation Committee. With respect to incentive stock options, no option may be granted more than 10 years after the effective date of the Stock Option Plan or exercised more than 10 years after the date of grant (five years if the optionee owns more than 10% of the Common Stock of the Company). Additionally with regard to incentive stock options, the exercise price of the option may not be less than 100% of the fair market value of the Common Stock on the date of grant (110% if the optionee owns more than 10% of the Common Stock of the Company). Subject to certain limited exceptions, options may not be exercised unless, at the time of exercise, the optionee is in the service of the Company.

The Company has also adopted the Mitcham Industries, Inc. 1994 Non-Employee Director Stock Option Plan (the "Non-Employee Director Plan"). Options to purchase a maximum of 50,000 shares of Common Stock may be issued under the Non-Employee Director Plan to non-employee directors of the Company. The Non-Employee Director Plan provides for the grant of options that do not qualify as "incentive stock options"

under the Code. Pursuant to the Non-Employee Director Plan, options to purchase 1,000 shares of Common Stock are granted to each person who is not an employee of the Company upon his election for the first time as a director of the Company and an option to purchase an additional 1,000 shares of Common Stock will automatically be granted each year thereafter that such director is re-elected. Options granted under the Non-Employee Director Plan must be granted at an exercise price of not less than 100% of the fair market value of the Common Stock on the date of grant and vest in full one year after their grant. Options granted under the Non-Employee Director Plan expire 10 years after the date of grant. As of December 31, 1996, 8,000 options were issued and outstanding under the Non-Employee Director Plan with a weighted average exercise price of \$4.65 per share.

CERTAIN TRANSACTIONS AND RELATIONSHIPS

Prior to September 1995, the Company leased its facilities located at 44000 Highway 75 South in Huntsville, Texas, consisting of 19,000 square feet, from Mitcham Properties, Inc., a Texas corporation of which Billy F. Mitcham, Jr. is the sole shareholder, for \$4,000 per month (or approximately \$.21 per square foot), exclusive of the cost of utilities, taxes and insurance. An unrelated third party rented from Mitcham Properties, Inc. a portion of the facilities adjacent to the Company's facilities, consisting of 6,000 square feet for \$606 per month (or approximately \$.10 per square foot), exclusive of the cost of utilities, taxes and insurance. Therefore, Mitcham Properties, Inc. was leasing to the Company at approximately twice the cost per square foot being paid by an unrelated third party for adjacent facilities. The difference in lease terms amounts to approximately \$25,000 of additional lease expense to the Company annually. In September 1995, the Company purchased the facilities from Mitcham Properties, Inc. for \$325,000; \$276,000 of such amount was financed with bank financing and the remaining amount was paid from cash flows. The bank's appraisal report reflects an estimated fair value of \$325,000 for the facilities.

In fiscal 1995 and 1996, the Company purchased equipment from corporations and partnerships which are owned or controlled by Billy F. Mitcham, Jr., the Company's Chairman, President and Chief Executive Officer. Such purchases totalled \$11,000 and \$28,000 in the years ended January 31, 1995 and 1996, respectively. The Company does not anticipate making any further such purchases.

Effective September 20, 1993, the Company and Billy F. Mitcham, Jr. entered into a Voting Agreement (the "Voting Agreement") with Billy F. Mitcham, Sr., Paul C. Mitcham and two trusts established for the benefit of Mr. Mitcham, Jr.'s sons. Under the Voting Agreement, the holders of shares subject thereto have agreed that Mr. Mitcham, Jr. has the authority to vote an additional 445,740 shares of Common Stock, or 10.0%, of the Company's outstanding Common Stock. Mr. Mitcham, Jr. has voting control of an aggregate of 1,154,370 shares, or 25.8%, of the Company's outstanding Common Stock, as of December 31, 1996. The Voting Agreement will terminate on the earlier of the agreement of the parties, the transfer by the parties thereto of their shares or the expiration of 25 years. See "Principal and Selling Shareholders."

Since April 1994, the Company has engaged Billy F. Mitcham, Sr. as a consultant under a consulting agreement. Mr. Mitcham, Sr. has been involved in the energy industry since 1952 and was formerly the owner and the President of Mitcham Associates, Inc. which was also engaged in the leasing and sale of peripheral seismic equipment. Mr. Mitcham, Sr. has served as an industry expert and consultant for the Company since 1987 and was engaged on terms similar to those in his present consulting agreement during that time, though not pursuant to a written agreement. The agreement calls for monthly payments to Mr. Mitcham, Sr. of \$5,500 to be paid for a period of two years, subject to earlier termination on the occurrence of certain stated events. The Company paid Mr. Mitcham, Sr. a total of \$66,000 under the agreement in the 1996 fiscal year. The consulting agreement prohibits Mr. Mitcham, Sr. from providing consulting services to, and from contacting or soliciting in an effort to provide services to, any competitor of the Company for two years after the termination of his engagement. The agreement is renewable for successive one-year terms at the Company's option, and its current term expires January 31, 1999. The Company believes Mr. Mitcham, Sr. could successfully compete with the Company, given his contacts and extensive knowledge of the seismic leasing industry. For the above reasons, the Company believes the terms of Mr. Mitcham, Sr.'s consulting agreement are no less favorable than could be obtained from an unaffiliated third party with similar experience.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth certain information with respect to beneficial ownership of Common Stock as of December 31, 1996 by (i) each of the Company's directors; (ii) each Selling Shareholder; (iii) each person who is known by the Company to own beneficially more than 5% of the Common Stock; and (iv) all executive officers and directors as a group.

NAMES AND ADDRESS OF BENEFICIAL OWNERS(1)	SHARES OWNED BEFORE OFFERING		NUMBER OF SHARES OFFERED	SHARES OWNED AFTER OFFERING	
	NUMBER	PERCENT		NUMBER	PERCENT
Billy F. Mitcham, Jr.	1,373,062(2)	29.3%	300,000	1,073,062	14.9%
Billy F. Mitcham, Sr.	298,290(3)	6.6%	50,000	248,290	3.5%
Paul C. Mitcham.....	149,180(4)	3.3%	25,000	124,180	1.8%
Alamo Atlas Group, Inc. 16420 Park Ten Place, Suite 300 Houston, Texas 77084-5051	148,597(5)	3.3%	125,000	23,597	*
Roberto Rios.....	33,772(6)	*	--	33,772	*
William J. Sheppard.....	33,772(6)	*	--	33,772	*
Gordon M. Greve..... 14855 Memorial Drive #1014 Houston, Texas 77079	2,000	*	--	2,000	*
Randall Dean Lewis..... College of Business Administration P.O. Box 2056 Sam Houston State University Huntsville, Texas 77341	3,000	*	--	3,000	*
John F. Schwalbe..... 10700 Richmond Avenue #219 Houston, Texas 77042	3,000	*	--	3,000	*
All executive officers and directors as a group (7 persons).....	1,448,606	30.6%	--	1,070,606	14.8%

* Less than 1%

(1) The business address of each shareholder is the same as the address of the Company's principal executive offices, unless otherwise indicated.

(2) Includes an aggregate of 445,740 shares of Common Stock owned by Billy F. Mitcham, Sr. (252,540 shares), Paul C. Mitcham (118,680 shares) and two trusts established for the benefit of Mr. Mitcham, Jr.'s sons (74,520 shares), and as to which shares Mr. Mitcham, Jr. has the right to vote under the Voting Agreement. Also includes shares underlying currently exercisable options to purchase an aggregate of 218,692 shares of Common Stock, as follows: Billy F. Mitcham, Jr. (125,000 shares), Billy F. Mitcham, Sr. (45,750 shares), Paul C. Mitcham (30,500 shares), and the two trusts (17,442 shares). See "Certain Transactions and Relationships."

(3) Includes shares underlying a currently exercisable option to purchase 45,750 shares of Common Stock.

(4) Includes shares underlying currently exercisable options to purchase 30,500 shares.

(5) Includes shares underlying a currently exercisable warrant to purchase 31,977 shares.

(6) Includes shares underlying currently exercisable options to purchase 21,000 shares and a currently exercisable warrant to purchase 2,422 shares.

DESCRIPTION OF CAPITAL STOCK AND OTHER SECURITIES

The authorized capital stock of the Company consists of 20,000,000 shares of Common Stock, par value \$.01 per share, and 1,000,000 shares of Preferred Stock, par value \$1.00 per share. As of December 31, 1996 there were outstanding 4,474,880 shares of Common Stock, no shares of Preferred Stock, options to purchase up to 293,750 shares of Common Stock, and warrants to purchase up to 246,723 shares of Common Stock. Upon completion of this Offering, there will be 6,974,880 issued and outstanding shares of Common Stock.

The following description of the Company's capital stock and other securities and selected provisions of its Amended and Restated Articles of Incorporation (the "Amended Articles") and Restated Bylaws is a summary and is qualified in its entirety by the Company's Amended Articles and Restated Bylaws, copies of which have been filed with the Commission.

COMMON STOCK

Holders of the Common Stock are entitled to one vote per share for the election of directors and other corporate matters. Holders of Common Stock are not entitled to cumulative voting rights in connection with the election of directors. Therefore, the holders of a majority of the shares voting for the election of directors may elect all the directors. The Amended Articles permit actions to be taken by the shareholders of the Company without a meeting, by written consent, including a written consent signed by less than all of the shareholders of the Company. Section 9.10A of the Texas Business Corporation Act requires that prompt notice of the taking of any action by shareholders without a meeting by less than unanimous written consent be given to all shareholders who did not consent in writing to the action.

Subject to the rights of any outstanding shares of Preferred Stock, the holders of Common Stock are entitled to dividends in such amounts and at such times as may be declared by the Board of Directors of the Company out of funds legally available therefor. Upon liquidation or dissolution, holders of the Common Stock are entitled to share ratably in all assets remaining available for distribution to them after payment or provision for all liabilities and any preferential rights of any Preferred Stock then outstanding. The Common Stock carries no preemptive rights. All outstanding shares of Common Stock are, and the shares of Common Stock to be sold by the Company in the Offering will be, upon payment therefor as contemplated herein, validly issued, fully paid and nonassessable securities of the Company.

WARRANTS

There are currently outstanding warrants issued in connection with the Company's initial public offering of units ("Units") in January 1995, entitling the holders to purchase 17,000 Units, each Unit consisting of two shares of Common Stock and a warrant to purchase one share of Common Stock (an "Underlying Warrant"). The warrants are exercisable through and including December 19, 1999, at an exercise price of \$7.97 per Unit. The Underlying Warrants are exercisable through and including December 19, 1997 at an exercise price of \$4.20 per share of Common Stock.

The warrants contain provisions providing for appropriate adjustment in the event of any merger, consolidation, recapitalization, reclassification, stock dividend, stock split or similar transaction. The warrants contain net issuance provisions permitting the holder thereof to elect to exercise the warrants in whole or in part and instruct the Company to withhold from the Units issuable upon exercise a number of Units, valued at the current fair market value on the date of exercise, to pay the exercise price. Such net exercise provision has the effect of requiring the Company to issue shares of Common Stock without a corresponding increase in capital. A net exercise of the Underlying Warrants will have the same dilutive effect on the interests of the Company's shareholders as will a cash exercise.

There are also outstanding currently exercisable warrants to acquire up to 60,723 shares of Common Stock held by seven holders, at \$3.87 per share, May 9, 1999; currently exercisable warrants to acquire 35,000 shares of Common Stock at \$3.50 per share, exercisable to purchase 17,500 shares through July 17, 2000 and the remaining 17,500 shares through January 17, 2001; currently exercisable warrants to acquire 50,000 shares of Common Stock at \$6.43 per share, exercisable through August 22, 2000; and warrants to acquire 50,000

shares of Common Stock at \$9.28 per share, exercisable beginning December 31, 1997 through December 31, 2001.

The Company will issue warrants to the Representatives ("Representatives' Warrants") to purchase 200,000 shares of Common Stock in connection with the Offering, with an exercise price equal to 120% of the price of the Common Stock to the public in the offering. The Representatives' Warrants will be exercisable for a two-year period beginning one year after the effective date of the Registration Statement of which this Prospectus is a part. See "Underwriting."

OPTIONS

As of December 31, 1996, options to purchase an aggregate of 293,750 shares of Common Stock had been granted pursuant to the Plans, 250,250 of which are currently exercisable. See "Management -- Stock Option Plans."

PREFERRED STOCK

The Board of Directors of the Company is empowered, without approval of the Company's shareholders, to cause shares of Preferred Stock to be issued in one or more series and to establish the number of shares to be included in each such series and the designations, preferences, limitations and relative rights, including voting rights, of the shares of any series. Because the Board of Directors has the power to establish the preferences and rights of each series, it may afford the holders of any series of Preferred Stock preferences, powers and rights, voting or otherwise, senior to the rights of holders of Common Stock. This includes, among other things, voting rights, conversion privileges, divided rates, redemption rights, sinking fund provisions and liquidation rights which shall be superior to the Common Stock. The issuance of shares of Preferred Stock could have the effect of delaying or preventing a change in control of the Company. No shares of Preferred Stock will be outstanding at the consummation of this Offering, and the Board of Directors has no current plans to issue any shares of Preferred Stock.

LIMITATION ON DIRECTORS' LIABILITY

The Amended Articles limit the liability of the Company's directors to the Company or its shareholders (in their capacity as directors but not in their capacity as officers) to the fullest extent permitted by Texas law. Specifically, directors of the Company will not be personally liable for monetary damages for an act or omission in the director's capacity as a director except for liability (i) for any breach of the director's duty of loyalty to the Company or its shareholders; (ii) for acts or omissions not in good faith that constitute a breach of duty of the director to the Company or that involve intentional misconduct or a knowing violation of law; (iii) for any transaction from which the director derived an improper personal benefit; or (iv) an act or omission for which the liability of the director is expressly provided for by an applicable statute.

The inclusion in the Company's Amended Articles of the limitation of the personal liability of the Company's directors to the Company may have the effect of reducing the likelihood of derivative litigation against those directors, and may deter shareholders or management from bringing a lawsuit against those directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefitted the Company and its shareholders.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Stock is North American Transfer Co. Its address is 147 West Merrick Road, Freeport, New York 11520.

SHARES ELIGIBLE FOR FUTURE SALE

As of December 31, 1996, there were 4,474,880 shares of Common Stock outstanding. In addition, the Company has reserved for issuance 400,000 shares upon the exercise of options granted under the Stock Option Plans, 246,723 shares for issuance upon exercise of outstanding warrants and up to 200,000 shares for issuance upon exercise of the Representatives' Warrants. Of the 6,974,880 shares of Common Stock to be outstanding after the completion of this Offering, approximately 5,594,880 shares will be freely tradable without restriction or further registration under the Securities Act, unless held by "affiliates" of the Company, as that term is defined in Rule 144 under the Securities Act (whose sales would be subject to certain volume limitations and other restrictions described below.) The remaining 1,380,000 shares of Common Stock are "restricted securities" as defined in Rule 144 promulgated under the Securities Act, and may only be sold in the public market if such shares are registered under the Securities Act or sold in accordance with Rule 144 or another exemption from registration under the Securities Act.

In general, under Rule 144 as currently in effect, a person who has beneficially owned his or her Common Stock for at least two years, including persons who may be deemed "affiliates" of the Company, is entitled to sell within any three-month period a number of shares that does not exceed the greater of 1% of the then-outstanding shares of Common Stock (approximately 69,750 shares immediately after this Offering) or the average weekly trading volume of such shares in the over-the-counter market during the four calendar weeks preceding the date on which notice of the proposed sale is filed with the Commission. A person who is not deemed an "affiliate" of the Company and who has beneficially owned his or her shares of Common Stock for at least three years would be entitled to sell such shares under Rule 144 without regard to the volume limitations described above. Sales under Rule 144 are also subject to certain manner of sale provisions, notice requirements, and the availability of current public information about the Company. A person who has not been an "affiliate" of the Company for the 90 days preceding a sale and who has beneficially owned restricted securities for at least three years will be entitled to sell such shares in the public market without restriction. Restricted securities properly sold in reliance upon Rule 144 are thereafter freely tradeable without restrictions or registration under the Securities Act, unless thereafter held by an "affiliate" of the Company.

The Company has filed a registration statement under the Securities Act covering 400,000 shares of Common Stock reserved for issuance under the Stock Option Plans. Accordingly, shares issued under such registration statement upon the exercise of options will be available for sale in the open market subject to the agreements not to sell described below. See "Management -- Stock Option Plans."

The Company is unable to estimate the amount, timing or nature of future sales of outstanding Common Stock. Of the 880,000 restricted shares that will be outstanding upon completion of this Offering, executive officers and directors, holding an aggregate of 800,070 shares, have agreed that for a period of 180 days from the date of this Prospectus, they will not offer for sale, sell, solicit an offer to buy, contract to sell, distribute, grant any option for the sale of or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into, exercisable for or exchangeable for any shares of Common Stock without the prior written consent of Rodman & Renshaw, Inc. on behalf of the Underwriters. All of the remaining 79,930 restricted shares are eligible for sale under Rule 144. See "Underwriting."

In connection with this Offering, the Company has agreed to sell warrants to the Representatives to purchase from the Company up to 200,000 shares of Common Stock, exercisable in whole or in part at any time during the two-year period commencing one year after the effective date of the Registration Statement of which this Prospectus is a part.

UNDERWRITING

The Underwriters named below, for whom Rodman & Renshaw, Inc. and Simmons & Company International are acting as representatives (the "Representatives"), have severally agreed to purchase from the Company the respective number of shares of Common Stock set forth opposite their names:

UNDERWRITER	NUMBER OF SHARES

Rodman & Renshaw, Inc.....	
Simmons & Company International.....	
Total.....	----- 3,000,000 =====

The Underwriting Agreement provides that the obligations of the several Underwriters thereunder are subject to approval of certain legal matters by counsel and to various other considerations. The nature of the Underwriters' obligations is such that they are committed to purchase and pay for all of the above shares of Common Stock if any are purchased.

The Underwriters, through the Representatives, have advised the Company that they propose to offer the Common Stock initially at the public offering price set forth on the cover page of this Prospectus; that the Underwriters may allow to selected dealers a concession of \$ _____ per share; and that such dealers may reallow a concession of \$ _____ per share to certain other dealers. After the public offering, the offering price and other selling terms may be changed by the Underwriters. The Common Stock is included for quotation on the Nasdaq National Market.

The Company and the Selling Shareholders have granted to the Underwriters a 30-day over-allotment option to purchase up to 375,000 and 75,000 additional shares of Common Stock, respectively, exercisable at the public offering price less the underwriting discount. If the Underwriters exercise such over-allotment option, then each of the Underwriters will have a firm commitment, subject to certain conditions, to purchase approximately the same percentage thereof as the number of shares of Common Stock to be purchased by it as shown in the above table bears to the 3,000,000 shares of Common Stock offered by the Company and the Selling Shareholders hereby. The Underwriters may exercise such option only to cover over-allotments made in connection with the sale of the shares of Common Stock offered hereby.

The Company and the officers and directors of the Company have agreed that they will not sell or dispose of any shares of Common Stock of the Company for a period of 180 days after the later of the date on which the Registration Statement is declared effective by the Commission or the first date on which the shares are bona fide offered to the public, without the prior written consent of Rodman & Renshaw, Inc.

In connection with the Offering made hereby, the Company has agreed to sell to the Representatives, for nominal consideration, Representatives' Warrants to purchase from the Company up to 200,000 shares of Common Stock. The Representatives' Warrants are exercisable, in whole or in part, at an exercise price of 120% of the price to public at any time during the two-year period commencing one year after the effective date of the Registration Statement of which this Prospectus is a part. The Representatives' Warrants contain provisions providing for adjustment of the exercise price and the number and type of securities issuable upon exercise of the Representatives' Warrants should any one or more of certain specified events occur. The

Representatives' Warrants grant to the holders thereof certain rights of registration for the securities issuable upon exercise of the Representatives' Warrants.

The Company and the Selling Shareholders have agreed to indemnify the Underwriters against certain liabilities, losses and expenses, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"), or to contribute to payments that the Underwriters may be required to make in respect thereof. The Company has agreed to pay to the Representatives a non-accountable expense allowance of 1.0% of the gross proceeds derived from the sale of Common Stock (including the sale of any Common Stock subject to the Underwriters' over-allotment option).

In connection with the Offering, certain Underwriters and selling group members (if any) or their respective affiliates who are qualified registered market makers on the Nasdaq National Market may engage in passive market making transactions in the Common Stock on the Nasdaq National Market in accordance with Rule 10b-6A under the Securities Exchange Act of 1934 (the "Exchange Act"), during a specified period before commencement of offers or sales of the Common Stock. The passive market making transactions must comply with applicable volume and price limits and be identified as such. In general, a passive market maker may display its bid at a price not in excess of the highest independent bid for such security; if all independent bids are lowered below the passive market maker's bid, however such bid must then be lowered when certain purchase limits are exceeded.

LEGAL MATTERS

The validity of the issuance of shares of Common Stock offered hereby will be passed upon for the Company by Norton, Jacobs, Kuhn & McTopy, L.L.P., Houston, Texas. Certain legal matters in connection with the sale of such securities will be passed upon for the Underwriters by Vinson & Elkins L.L.P., Houston, Texas. Members of Norton, Jacobs, Kuhn & McTopy, L.L.P. own an aggregate of 38,681 shares of Common Stock. The Norton Family Trust, of which Carl L. Norton is a beneficiary, and Sabrina A. McTopy own warrants to acquire an additional 103,230 shares of Common Stock. Carl L. Norton and Sabrina A. McTopy are partners in Norton, Jacobs, Kuhn & McTopy, L.L.P.

EXPERTS

The financial statements of the Company as of January 31, 1994, 1995 and 1996 and for each of the years in the three-year period ended January 31, 1996 included in this Prospectus have been audited by Hein + Associates LLP, independent certified public accountants, as set forth in their report appearing elsewhere herein, and is included herein in reliance upon such report and upon the authority of such firm as experts in accounting and auditing.

AVAILABLE INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 under the Securities Act with respect to the Common Stock offered by this Prospectus. This Prospectus does not contain all of the information set forth in such Registration Statement, certain parts of which were omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and to the securities offered hereby, reference is made to such Registration Statement, including the exhibits thereto. Statements contained in this Prospectus as to the contents of any contract or other document are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference.

The Company is subject to the informational requirements of the Exchange Act and in accordance therewith files periodic reports, proxy and information statements and other information filed with the Commission. Reports, proxy statements, and other information filed by the Company with the Commission are available at the web site that the Commission maintains at <http://www.sec.gov>. and can be inspected and

copied at the public reference facilities maintained by the Commission at its principal offices at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington D.C. 20549 and at the regional offices of the Commission located at 7 World Trade Center, New York, New York, 10048, and the Chicago Regional Office, Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material may also be obtained from the Public Reference Section of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. The Common Stock is quoted on the Nasdaq National Market and such reports, proxy and information statements and other information concerning the Company are available at the offices of the Nasdaq National Market located at 1735 K Street, N.W., Washington, D.C. 20006.

GLOSSARY OF TERMS

Certain words and terms commonly used in the seismic business which are used throughout this Prospectus are defined below.

Acoustic wave. A sonic wave travelling through the earth's subsurface induced by a release of energy, normally dynamite or vibroseis.

CEU. Central Electronics unit that records and stores seismic data.

Channel. A set of geophones recording acoustic waves reflected from formations below the earth's surface.

Channel box. A remote data collection unit which collects seismic data from a multi-conductor geophysical cable attached to the geophones and transmits the data to the CEU.

Data acquisition system. The electronic field instruments and associated equipment required for seismic acquisition.

Geophones. Electro-magnetic coils placed on the earth's surface to receive the acoustic waves reflected by subsurface geological layers.

Seismic processing system. The computer hardware and software required to convert seismic records to seismic cross-sections.

2-D seismic. Seismic data representing a vertical plane of subsurface information.

3-D seismic. Seismic data representing a cube of subsurface information that can be sliced into numerous planes offering different view of the target.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets of Mitcham Industries, Inc. as of January 31, 1995 and 1996, and the related statements of income, changes in stockholders' equity and cash flows for each of the years in the three year period ended January 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mitcham Industries, Inc. as of January 31, 1995 and 1996, and the results of its operations and its cash flows for each of the years in the three year period ended January 31, 1996, in conformity with generally accepted accounting principles.

/s/ HEIN + ASSOCIATES LLP

HEIN + ASSOCIATES LLP
Certified Public Accountants

Houston, Texas
February 23, 1996

MITCHAM INDUSTRIES, INC.

BALANCE SHEETS

ASSETS

	JANUARY 31,		OCTOBER 31,
	1995	1996	1996
			(UNAUDITED)
Current assets:			
Cash.....	\$ 874,000	\$ 637,000	\$ 3,330,000
Accounts receivable, net of allowance for doubtful accounts of \$90,000, \$347,000 and \$615,000 at January 31, 1995 and 1996 and October 31, 1996, respectively.....	1,792,000	2,277,000	3,288,000
Installment notes receivable, trade.....	289,000	193,000	72,000
Inventory.....	84,000	206,000	630,000
Prepaid expenses and other current assets.....	69,000	274,000	103,000
Total current assets.....	3,108,000	3,587,000	7,423,000
Seismic equipment lease pool, net of accumulated depreciation.....	4,979,000	8,115,000	15,247,000
Property and equipment, net of accumulated depreciation.....	73,000	472,000	530,000
Other assets.....	39,000	65,000	52,000
Total assets.....	\$8,199,000	\$12,239,000	\$23,252,000

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:			
Notes payable to bank.....	\$ 256,000	\$ 400,000	\$ --
Current installments of long-term debt.....	167,000	447,000	938,000
Obligation under capital lease.....	6,000	--	--
Accounts payable.....	614,000	491,000	3,370,000
Income taxes payable.....	28,000	311,000	--
Deferred income taxes payable.....	505,000	544,000	916,000
Accrued liabilities and other current liabilities...	80,000	474,000	737,000
Total current liabilities.....	1,656,000	2,667,000	5,961,000
Long-term debt:			
Long-term debt, net of current installments.....	234,000	1,155,000	2,910,000
Capital lease obligations, net of current portion...	27,000	18,000	--
Deferred income taxes.....	106,000	351,000	645,000
Total liabilities.....	2,023,000	4,191,000	9,516,000
Stockholders' equity:			
Preferred stock, \$1.00 par value; 1,000,000 shares authorized; none issued and outstanding.....	--	--	--
Common stock, \$.01 par value; 20,000,000 shares authorized; 3,170,000, 3,221,000 and 4,378,650 shares, respectively, issued and outstanding....	32,000	32,000	44,000
Additional paid-in capital.....	4,181,000	4,340,000	8,398,000
Retained earnings.....	1,963,000	3,676,000	5,294,000
Total stockholders' equity.....	6,176,000	8,048,000	13,736,000
Total liabilities and stockholders' equity.....	\$8,199,000	\$12,239,000	\$23,252,000

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

MITCHAM INDUSTRIES, INC.

STATEMENTS OF INCOME

	YEARS ENDED JANUARY 31,			NINE MONTHS ENDED OCTOBER 31,	
	1994	1995	1996	1995	1996
	(UNAUDITED)				
Revenues:					
Leases of seismic equipment.....	\$1,601,000	\$2,424,000	\$5,157,000	\$3,431,000	\$5,356,000
Sales of seismic equipment.....	2,926,000	2,860,000	2,135,000	1,643,000	2,007,000
Total revenues.....	4,527,000	5,284,000	7,292,000	5,074,000	7,363,000
Costs and expenses:					
Seismic equipment subleases.....	896,000	245,000	251,000	222,000	111,000
Sales of seismic equipment.....	1,772,000	2,027,000	1,085,000	1,000,000	1,261,000
General and administrative.....	655,000	924,000	1,344,000	990,000	1,199,000
Provision for doubtful accounts....	38,000	35,000	627,000	372,000	418,000
Depreciation.....	62,000	363,000	1,331,000	825,000	1,951,000
Total costs and expenses...	3,423,000	3,594,000	4,638,000	3,409,000	4,940,000
Other income (expense):					
Interest, net.....	(16,000)	(209,000)	(21,000)	(6,000)	(170,000)
Other, net.....	20,000	60,000	38,000	26,000	219,000
Total other income (expense).....	4,000	(149,000)	17,000	20,000	49,000
Income before income taxes.....	1,108,000	1,541,000	2,671,000	1,685,000	2,472,000
Provision for income taxes.....	405,000	541,000	958,000	605,000	854,000
Net income.....	\$ 703,000	\$1,000,000	\$1,713,000	\$1,080,000	\$1,618,000
Earnings per common and common equivalent share:					
Primary.....	\$ 0.51	\$ 0.66	\$ 0.52	\$ 0.34	\$ 0.37
Assuming full dilution.....	\$ 0.51	\$ 0.66	\$ 0.50	\$ 0.34	\$ 0.36
Shares used in computing earnings per common and common equivalent share:					
Primary.....	1,380,000	1,514,000	3,306,000	3,170,000	4,431,000
Assuming full dilution.....	1,380,000	1,514,000	3,403,000	3,170,000	4,489,000

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

MITCHAM INDUSTRIES, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
	SHARES	AMOUNT			
Balances, February 1, 1993.....	1,380,000	\$14,000	\$ --	\$ 260,000	\$ 274,000
Net income.....	--	--	--	703,000	703,000
Balances, February 1, 1994.....	1,380,000	14,000	--	963,000	977,000
Issuance of common stock, net of offering expenses.....	1,790,000	18,000	4,181,000	--	4,199,000
Net income.....	--	--	--	1,000,000	1,000,000
Balances, January 31, 1995.....	3,170,000	32,000	4,181,000	1,963,000	6,176,000
Compensation on stock options issued to employees.....	--	--	37,000	--	37,000
Issuance of common stock upon exercise of warrants.....	51,000	--	122,000	--	122,000
Net income.....	--	--	--	1,713,000	1,713,000
Balances, January 31, 1996.....	3,221,000	32,000	4,340,000	3,676,000	8,048,000
Issuance of common stock upon exercise of warrants (unaudited).....	1,158,000	12,000	4,058,000	--	4,070,000
Net income (unaudited).....	--	--	--	1,618,000	1,618,000
Balances, October 31, 1996 (unaudited).....	4,379,000	\$44,000	\$8,398,000	\$5,294,000	\$13,736,000
	=====	=====	=====	=====	=====

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

MITCHAM INDUSTRIES, INC.

STATEMENTS OF CASH FLOWS

	YEARS ENDED JANUARY 31,			NINE MONTHS ENDED OCTOBER 31,	
	1994	1995	1996	1995	1996
				(UNAUDITED)	
Cash flows from operating activities:					
Net income.....	\$ 703,000	\$ 1,000,000	\$ 1,713,000	\$ 1,080,000	\$ 1,618,000
Adjustments to reconcile net income to net cash provided by operating activities:					
Trade accounts receivable, net.....	(318,000)	(1,404,000)	(742,000)	(316,000)	(1,158,000)
Accounts payable and other current liabilities.....	428,000	71,000	554,000	20,000	(193,000)
Depreciation.....	62,000	363,000	1,331,000	825,000	1,951,000
Provision for doubtful accounts, net of chargeoffs.....	--	(3,000)	257,000	--	268,000
Loss on disposal of assets.....	--	12,000	--	--	--
Deferred income taxes.....	94,000	467,000	284,000	109,000	666,000
Other, net.....	(23,000)	(46,000)	(171,000)	145,000	(540,000)
Net cash provided by operating activities.....	946,000	460,000	3,226,000	1,863,000	2,612,000
Cash flows from investing activities:					
Purchases of seismic equipment held for lease.....	(875,000)	(1,938,000)	(5,321,000)	(2,547,000)	(5,750,000)
Purchases of property and equipment.....	(7,000)	(22,000)	(444,000)	(377,000)	(131,000)
Proceeds from sale of property and equipment.....	--	--	846,000	797,000	--
Net cash used in investing activities.....	(882,000)	(1,960,000)	(4,919,000)	(2,127,000)	(5,881,000)
Cash flows from financing activities:					
Proceeds from short-term borrowings.....	709,000	1,413,000	400,000	400,000	--
Payments on short-term borrowings.....	(146,000)	(4,242,000)	(256,000)	(256,000)	(400,000)
Proceeds from long-term debt.....	--	500,000	1,372,000	326,000	3,126,000
Payments on long-term debt and capitalized lease obligations.....	(6,000)	(97,000)	(182,000)	(134,000)	(834,000)
Capitalized stock issuance costs and deferred financing charges.....	(109,000)	(25,000)	--	(36,000)	--
Proceeds from issuance of common stock, net of offering expenses.....	--	4,186,000	122,000	--	4,070,000
Net cash provided by financing activities.....	448,000	1,735,000	1,456,000	300,000	5,962,000
Net increase (decrease) in cash.....	512,000	235,000	(237,000)	36,000	2,693,000
Cash, beginning of period.....	127,000	639,000	874,000	874,000	637,000
Cash, end of period.....	\$ 639,000	\$ 874,000	\$ 637,000	\$ 910,000	\$ 3,330,000
Supplemental cash flow information:					
Cash paid for:					
Interest.....	\$ 17,000	\$ 196,000	\$ 78,000	\$ 79,000	\$ 289,000
Taxes.....	\$ 8,000	\$ 800	--	\$ 300,000	\$ 515,000
Equipment acquired under capital lease.....	\$ 18,000	\$ 36,000	--	--	--
Equipment purchases in accounts payable.....	\$ --	--	\$ --	\$ 1,175	\$ 3,009
Equipment purchased with vendor financing.....	--	\$ 2,500,000	--	--	--

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

MITCHAM INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS
(INFORMATION SUBSEQUENT TO JANUARY 31, 1996 IS UNAUDITED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization -- Mitcham Industries, Inc. (the Company), is a Texas corporation formed on January 29, 1987. The Company provides full-service equipment leasing to the seismic industry primarily in North and South America. The Company also sells and services new and used seismic data acquisition equipment on a worldwide basis.

Description of leasing arrangements -- The Company leases various types of seismic equipment to seismic data acquisition companies. All leases at October 31, 1996 are for one year or less. Lease revenue is recognized ratably over the term of the lease.

Equipment sold on the installment basis -- The Company periodically sells seismic equipment on an installment basis. The terms of the sale agreements generally require twelve payments, with two payments due upon delivery of the equipment and the remaining payments due over the succeeding ten months. To the extent a down payment equal to at least 16.5% of the sales price is not received, the gross profit from the sale is deferred until sufficient payments have been received to warrant full revenue recognition.

Inventories -- Inventories consist primarily of used seismic equipment purchased in bulk liquidation sales. Inventories are valued at the lower of cost or market using the average cost method.

Seismic equipment held for lease -- Seismic equipment held for lease consists primarily of remote signal conditioners (channel boxes) and peripheral equipment and is carried at cost, net of accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the equipment, which range from three to seven years.

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

Income taxes -- The Company accounts for its taxes under FASB 109 under which the Company recognizes on a current and long-term basis, deferred tax assets and liabilities which represent differences between the financial and income tax reporting bases of its assets and liabilities.

Cash equivalents -- For purposes of presenting cash flows, the Company considers all highly liquid investments with remaining maturities of 90 days or less on the purchase date to be cash equivalents.

Earnings per share -- Primary earnings per common and common equivalent share and earnings per common and common equivalent share assuming full dilution are computed on the weighted average number of shares outstanding adjusted for the incremental shares attributed to outstanding options and warrants to purchase common stock.

Use of estimates -- The preparation of the Company's financial statements in conformity with generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from these estimates.

Industry Concentration -- The Company's lease revenues are derived from seismic equipment leased to seismic companies providing 3-D seismic acquisition services. The seismic industry has rapidly expanded its 3-D seismic acquisition capabilities over the past few years as this technology has gained broader market acceptance from the oil and gas exploration companies. With this expansion, many of the seismic acquisition companies in North America, while experiencing rapid growth in 3-D seismic acquisition revenues, have not experienced corresponding increases in profitability and have become increasingly leveraged. Should the

MITCHAM INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(INFORMATION SUBSEQUENT TO JANUARY 31, 1996 IS UNAUDITED)

financial performance of the companies in this industry not improve, the Company could be exposed to additional credit risk and subjected to declining demand for its leased products.

New Accounting Pronouncements -- The Financial Accounting Standards Board issued FASB 121 entitled "Impairment of Long-Lived Assets". FASB 121, which became effective beginning February 1, 1996, provides that in the event that facts and circumstance indicate that the cost of assets or other assets may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the assets carrying amount to determine if a writedown to market value or discounted cash flow is required. FASB 121 did not have a material impact on the operating results or financial condition of the Company upon implementation.

The FASB also issued SFAS No. 123, "Accounting for Stock Based Compensation", effective for fiscal years beginning after December 15, 1995. This statement allows companies to choose to adopt the statement's new rules for accounting for employee stock-based compensation plans. For those companies which choose not to adopt the new rules, the statement requires disclosures as to what earnings per share would have been if the new rules had been adopted. Management adopted the disclosure requirements of this statement during fiscal 1997.

Unaudited Interim Information -- The accompanying financial information as of October 31, 1996 and for the nine month periods ended October 31, 1995 and 1996 has been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The financial statements reflect all adjustments, consisting of normal recurring accruals, which are, in the opinion of management, necessary to fairly present such information in accordance with generally accepted accounting principles.

2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	JANUARY 31,		OCTOBER 31,
	1995	1996	1996
Land.....	\$ --	\$ 25,000	\$ 25,000
Building and improvements.....	--	346,000	331,000
Furniture and fixtures.....	80,000	153,000	234,000
Autos and trucks.....	37,000	37,000	86,000
	117,000	561,000	676,000
Less accumulated depreciation.....	(44,000)	(89,000)	(146,000)
	\$ 73,000	\$472,000	\$ 530,000
	=====	=====	=====

3. NOTES PAYABLE TO BANK

The Company has a \$1,000,000 line of credit pursuant to a loan agreement. Borrowings under this line of credit bear interest at the prime rate plus .5% (totaling 9% at January 31, 1996). \$400,000 was outstanding under this line at January 31, 1996. The line of credit is collateralized by accounts receivable, inventory and lease pool equipment.

On January 31, 1996, the Company executed a new line of credit with a bank to replace the aforementioned line of credit. The Company may borrow up to \$1,000,000 under the new line of credit which will bear interest at prime plus .5% (9% at January 31, 1996). Advances under the line of credit will be collateralized by accounts receivable and inventory. Borrowings under the line will be limited to 80% of eligible accounts receivable and 50% of eligible inventory.

MITCHAM INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(INFORMATION SUBSEQUENT TO JANUARY 31, 1996 IS UNAUDITED)

The Company had a demand note payable to a bank with interest at 1.5% over its base lending rate (total of 11% at January 31, 1995). If no demand is made, the note is due in monthly installments of \$28,475 plus interest, through October 1995. The note is collateralized by lease fleet equipment and assignments of leases. The Company was required to maintain compensating balances with the bank of approximately \$97,000. At January 31, 1995, \$256,000 was outstanding under the note. This note expired during fiscal 1996.

4. LONG-TERM DEBT

Long-term debt consists of the following:

	JANUARY 31,		OCTOBER
	1995	1996	31,
			1996
	-----	-----	-----
Note payable to bank, due in monthly installments of \$13,889 plus interest at 1% over its base lending rate (10.5% and 10.75% at January 31, 1995 and 1996), due June 1997, collateralized by lease pool equipment.....	\$ 401,000	\$ 234,000	\$ --
Note payable to bank, due in monthly installments of \$2,803 including interest at 9%, due September 1998, collateralized by land and a building.....	--	274,000	266,000
Note payable to bank, due in monthly installments of \$833 plus interest at its base lending rate plus 1% (9.75% at January 31, 1996), due September 2000, collateralized by land and a building.....	--	48,000	--
Note payable to bank under \$4,206,000 term loan facility, due in monthly installments of \$26,270, including interest at 9.5%, through January 2000, collateralized primarily by lease pool equipment and an assignment of leases.....	--	1,046,000	3,582,000
	-----	-----	-----
	401,000	1,602,000	3,848,000
Less current maturities.....	(167,000)	(447,000)	(938,000)
	-----	-----	-----
	\$ 234,000	\$1,155,000	\$2,910,000
	=====	=====	=====

Aggregate maturities of long-term debt at January 31, 1996 are as follows:

YEAR ENDING JANUARY 31,

1997.....	\$ 447,000
1998.....	350,000
1999.....	525,000
2000.....	271,000
2001.....	9,000

	\$1,602,000
	=====

The term loan facility includes various financial covenants, the most significant of which require the Company to maintain its tangible net worth at 90% of tangible net worth at October 31, 1995, and to increase quarterly by 50% of net income for each quarter thereafter, maintain a ratio of total liabilities to tangible net worth of not more than 1.25 to 1.0, and to maintain a ratio of cash flow from operations, as defined, to current maturities of long-term debt of not less than 1.25 to 1.0.

MITCHAM INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(INFORMATION SUBSEQUENT TO JANUARY 31, 1996 IS UNAUDITED)

5. LEASES

The Company leases and subleases seismic equipment to customers under operating leases with non-cancellable terms of one year or less. These leases are generally renewable on a month-to-month basis. All taxes (other than U.S. federal income taxes) and assessments are the contractual responsibility of the lessee. To the extent the foreign taxes are not paid by the lessee, the relevant foreign taxing authorities might seek to collect such taxes from the Company. Under the terms of its lease agreements, any amounts paid by the Company to such foreign taxing authorities may be billed and collected from the lessee. If the Company is unable to collect the foreign taxes it paid on behalf of its lessees, the Company may have foreign tax credits in the amounts paid which could be applied against its U.S. income tax liability subject to certain limitations. The Company is not aware of any foreign tax obligations as of October 31, 1996.

The Company leases seismic equipment from others under month-to-month operating leases. Lease expense incurred by the Company in connection with such leases amounted to \$896,000, \$245,000 and \$251,000 for the years ended January 31, 1994, 1995 and 1996, respectively and \$222,000 and \$111,000 for the nine months ended October 31, 1995 and 1996, respectively.

A summary of the equipment held for lease to others is as follows:

	JANUARY 31,		OCTOBER 31, 1996
	1995	1996	
Remote signal conditioners (channel boxes) and other equipment.....	\$5,395,000	\$ 9,580,000	\$18,589,000
Less: accumulated depreciation.....	(416,000)	(1,465,000)	(3,342,000)
	-----	-----	-----
	\$4,979,000	\$ 8,115,000	\$15,247,000
	=====	=====	=====

6. INCOME TAXES

The components of income tax expense are as follows:

	YEAR ENDED JANUARY 31,		
	1994	1995	1996
Current:			
Federal.....	\$ 301,000	\$ 71,000	\$ 698,000
State.....	10,000	3,000	(24,000)
	-----	-----	-----
	311,000	74,000	674,000
Deferred.....	94,000	467,000	284,000
	-----	-----	-----
	\$ 405,000	\$ 541,000	\$ 958,000
	=====	=====	=====

The components of the Company's deferred tax liability are as follows:

	JANUARY 31,	
	1995	1996
Deferred Tax asset -- allowance for doubtful accounts.....	\$ 31,000	\$ 123,000
Deferred tax liabilities:		
Conversion from accrual to cash method of accounting.....	(536,000)	(667,000)
Depreciation.....	(106,000)	(351,000)
	-----	-----
Deferred tax liability, net.....	\$(611,000)	\$(895,000)
	=====	=====

MITCHAM INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(INFORMATION SUBSEQUENT TO JANUARY 31, 1996 IS UNAUDITED)

Beginning in fiscal 1998, the Company will no longer be eligible to report on the cash basis of accounting for federal income tax reporting purposes.

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

	YEAR ENDED JANUARY 31,		
	1994	1995	1996
Federal income tax expense at 34%.....	\$ 377,000	\$ 524,000	\$ 913,000
State income taxes and nondeductible expenses.....	29,000	17,000	45,000
Other, net.....	(1,000)	--	--
	\$ 405,000	\$ 541,000	\$ 958,000
	=====	=====	=====

7. RELATED PARTY TRANSACTIONS

The Company engages in transactions with companies controlled by a stockholder of the Company or in which a stockholder of the Company has a substantial ownership interest. The following is a summary of transactions with these companies:

	YEAR ENDED JANUARY 31,		
	1994	1995	1996
Office and warehouse rent expense.....	\$ 48,000	\$48,000	\$ 32,000
Equipment lease expense and purchases.....	\$270,000	\$11,000	\$ 28,000
Seismic equipment sales.....	\$ 8,000	\$ --	\$ --
Purchase of office and warehouse.....	\$ --	\$ --	\$325,000
	=====	=====	=====

See Note 11 for discussion of the employment agreement with the Company's President.

In September 1994, the Company entered into an equipment lease whereby the lessors acquired \$250,000 of channel boxes from the Company and leased them back to the Company. In October 1994, the Company exercised its right to purchase the equipment for \$250,000. The Company's legal counsel was one of the lessors in this transaction and provided \$50,000 of the consideration for the acquisition of the equipment by the lessors.

8. EXPORT SALES AND MAJOR CUSTOMERS

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

	YEAR ENDED JANUARY 31,		
	1994	1995	1996
Canada.....	\$ 876,000	\$ 346,000	\$1,022,000
Columbia.....	--	--	949,000
China.....	--	885,000	943,000
Europe.....	293,000	339,000	699,000
Other.....	240,000	222,000	213,000
Totals.....	\$1,409,000	\$1,792,000	\$3,826,000
	=====	=====	=====

One customer represented 36%, 16% and 18% of the Company's total revenues for the years ended January 31, 1994, 1995 and 1996, respectively. No other customer exceeded 10% of revenues for fiscal 1994, 1995 and 1996.

MITCHAM INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(INFORMATION SUBSEQUENT TO JANUARY 31, 1996 IS UNAUDITED)

9. CONCENTRATIONS OF CREDIT RISK

As of January 31, 1995 and 1996, and October 31, 1996, amounts due from customers which exceeded 10 percent of accounts receivable, amounted to an aggregate of \$1,298,000 (four customers) \$1,138,000 (three customers) and \$1,663,000 (three customers), respectively.

One of the Company's significant customers filed for bankruptcy protection during December 1996. Revenues derived from this customer amount to 18.5% of total revenues for the eleven-month period ended December 31, 1996. As of that date, amounts due from this customer totalled approximately \$1.0 million. During December 1996, the Company increased its allowance for trade accounts receivable from \$615,000 at October 31, 1996 to \$1.5 million at December 31, 1996, which amount was intended to fully reserve all amounts due from this customer and provide for any potential loss associated with the Company's remaining trade accounts receivable.

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

10. STOCKHOLDERS' EQUITY

The Company has 1,000,000 shares of preferred stock authorized, none of which are outstanding as of October 31, 1996. The preferred stock may be issued in multiple series with various terms, as authorized by the Company's Board of Directors. The Company has 20,000,000 shares of common stock authorized, of which 4,378,650 are issued and outstanding as of October 31, 1996. In connection with the Company's initial public offering, 1,790,000 shares of the Company's common stock were issued during fiscal 1995. Proceeds of the offering amounted to \$4,185,000, net of offering costs of \$1,283,000. Warrants to acquire 895,000 shares of the Company's common stock at \$3.50 per share were issued in connection with this offering. 892,750 of these warrants had been exercised as of October 31, 1996.

The Company issued warrants to various stockholders during fiscal 1995 to acquire 49,500 shares of the Company's common stock at \$5.00 per share. The number of shares and exercise price of the warrants was increased to 63,953 and \$3.87, respectively, during fiscal 1996 as a result of the anti-dilution provisions of the warrants.

In connection with bridge financing during 1994, the Company issued warrants to the bridge note holders to purchase 200,000 shares of its common stock for \$3.75 per share. The exercise price of the warrants was later decreased to \$3.50 per share in connection with the Company's sale and leaseback of channel boxes and subsequent exercise of an option to purchase such channel boxes. The warrants were exercisable beginning December 29, 1994, and unless exercised, automatically expire five years from the date of their issuance. All these warrants have been exercised as of October 31, 1996.

The Company issued warrants to acquire 35,000 shares of its common stock to a public relations firm engaged by the Company. The warrants are exercisable at \$3.50 per share and are unexercised at October 31, 1996.

Warrants to acquire 85,000 units (consisting of two shares of common stock and one warrant to purchase one share of common stock at \$4.20 per share) at \$7.97 per unit were issued to underwriters in connection with the Company's initial public offering. The securities underlying these warrants, as well as the common stock underlying currently outstanding options and warrants, are subject to certain demand and piggy-back registration rights. As of October 31, 1996, 68,000 of these warrants had been exercised.

MITCHAM INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(INFORMATION SUBSEQUENT TO JANUARY 31, 1996 IS UNAUDITED)

11. COMMITMENTS AND CONTINGENCIES

Equipment purchases:

On February 22, 1994, the Company executed an agreement with Input/Output, Inc. (I/O) under which I/O will notify the Company of any inquiries it receives to lease I/O's remote signal conditioners in North and South America and will allow the Company the opportunity to provide such leasing. In the event the Company and a prospective customer are unable to reach agreement on such leases in a 72-hour period, I/O shall have the right to offer the equipment for lease to the prospective customer. The agreement, which expired December 1996, was contingent upon the Company purchasing a minimum of \$10,000,000 of I/O remote signal conditioners as follows: \$1,000,000 on or before June 30, 1994; \$2,500,000 on or before August 31, 1994; an additional \$2,500,000 through February 22, 1996; and a further \$4,000,000 through December 31, 1996. In the event the Company had not made the required amount of purchases, it would have lost its exclusivity as recipient of lease requests for I/O channel boxes.

Effective June 1, 1996, the Company entered into an agreement with I/O to amend the terms of and extend the Exclusive Lease Referral Agreement through May 31, 2000. Under the I/O Agreement as amended, the Company must purchase an aggregate of \$13.25 million of I/O equipment as follows: \$3.0 million of I/O equipment between June 1 and November 30, 1996, (the "Renewal Purchase") with a minimum of \$1.5 million to be purchased by August 31, 1996. Thereafter, from January 1, 1997 through May 31, 1997, the Company must purchase at least an aggregate of \$1.25 million of I/O equipment. In each of the years from June 1, 1997 through May 31, 1998, June 1 through May 31, 1999 and June 1, 1999 through May 31, 2000, the Company must purchase at least an aggregate of \$3.0 million of I/O equipment (or an aggregate additional \$10.25 million after the \$3.0 million Renewal purchase is made). As of October 31, 1996, the Company believes it has fulfilled the terms of the agreement, including the minimum purchase commitments.

In September 1996, the Company entered into two agreements with SERCEL, S.A. ("SERCEL") a designer and manufacturer of land/shallow water seismic data acquisition systems and related equipment. One agreement, the Exclusive Equipment Lease Agreement provides that until December 31, 1999, the Company will be SERCEL's short-term leasing agency throughout the world and that SERCEL will refer to the Company all requests it receives from its customers to lease its 3-D data acquisition equipment and other field equipment; and the Company will acquire up to \$10.2 million of SERCEL's 3-D data acquisition equipment and other field equipment from SERCEL at favorable prices, \$800,000 of which will consist of SERCEL's existing lease pool of primarily 3-D channel boxes. The second agreement, the Commercial Representation Agreement, provides that until September 19, 1999, the Company will be SERCEL's exclusive sales agent in Canada. In connection with entering into this agreement, the Company established an office in Calgary, Alberta, Canada in November 1996. As of October 31, 1996, the Company believes it has fulfilled the terms of the agreement, including the minimum purchase commitments.

Employment Agreement

Effective January 15, 1997, the Company entered into an employment agreement with the Company's President for a term of five years, beginning January 15, 1997, which term is automatically extended for successive one-year periods unless either party gives written notice of termination at least 30 days prior to the end of the current term. The agreement provides for an annual salary of \$150,000, subject to increase by the Board of Directors. It may be terminated prior to the end of the initial term or any extension thereof if the President dies; if it is determined that the President has become disabled (as defined); if the Board of Directors determines that the President has breached the employment agreement in any material respect, has appropriated a material business opportunity of the Company or has engaged in fraud or dishonesty with respect to the Company's business or is convicted of or indicted for any felony criminal offense or any crime

MITCHAM INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
(INFORMATION SUBSEQUENT TO JANUARY 31, 1996 IS UNAUDITED)

punishable by imprisonment. If the President's employment is terminated by the Company prior to the end of the initial five-year term other than for a reason enumerated above, the President will be entitled to payments equal to \$450,000, payable ratably over the 24 months following such termination. For a period of two years after the termination of the agreement, the President is prohibited from engaging in any business activities that are competitive with the Company's business and from diverting any of the Company's customers to a competitor.

Consulting agreement:

The Company has a contract with the father of the Company's President, to provide sales consulting services. The agreement calls for payments of \$5,500 per month through April 1999, subject to earlier termination on the occurrence of certain events.

12. STOCK OPTION PLANS

The Company has a stock option plan under which options to purchase a maximum of 300,000 shares of common stock may be issued to officers, employee directors, key employees and consultants of the Company. The stock option plan provides both for the grant of options intended to qualify as "incentive stock options" under the Internal Revenue Code of 1986, as amended (the Code), as well as options that do not so qualify.

With respect to incentive stock options, no option may be granted more than ten years after the effective date of the stock option plan or exercised more than ten years after the date of grant (five years if the optionee owns more than 10% of the common stock of the Company). Additionally, with regard to incentive stock options, the exercise price of the option may not be less than 100% of the fair market value of the common stock at the date of grant (110% if the optionee owns more than 10% of the common stock of the Company). Subject to certain limited exceptions, options may not be exercised unless, at the time of exercise, the optionee is in the service of the Company. As of October 31, 1996, options to purchase an aggregate of 285,750 shares of common stock are issued and outstanding under the Stock Option Plan, 183,250 of which are exercisable at a price of \$5.00 per share, 62,000 of which are exercisable at \$3.29 per share, 39,500 of which are exercisable at \$5.75 and 1,000 of which are exercisable at \$6.00 per share.

The Company has a non-employee director stock option plan (the Director Plan) which provides for the grant of options that do not qualify as "incentive stock options" under the Code. Options granted under the Director Plan are to have an exercise price at least equal to the fair market value of the Company's common stock on the date of grant. Pursuant to the Director Plan, options to purchase 1,000 shares of common stock are granted to each non-employee director upon his election to the Board and every year thereafter so long as he is re-elected to the Board of Directors. Options granted under the Director Plan are fully vested one year after their grant and expire ten years after the date of the grant. As of October 31, 1996, 8,000 options have been granted under this Plan.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist of trade receivables and payables and notes payable to banks. The Company believes the carrying value of these financial instruments approximate their estimated fair value.

14. SECONDARY PUBLIC OFFERING

The Company is preparing to register with the Securities and Exchange Commission 2,500,000 shares of its common stock. The Company has granted an option to the underwriters to purchase up to 375,000 shares on the same terms to satisfy over-allotments in the sale of the 2,500,000 shares.

 NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY OF THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF ANY OFFER TO BUY BY ANY ONE IN ANY JURISDICTION IN WHICH SUCH OFFER TO SELL OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

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 MITCHAM INDUSTRIES, INC.
 3,000,000 SHARES

COMMON STOCK

 PROSPECTUS

 RODMAN & RENSHAW, INC.

SIMMONS & COMPANY
 INTERNATIONAL
 , 1997

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

Expenses payable in connection with the issuance and distribution of the securities to be registered, other than underwriting discounts and commissions, are estimated as follows:

Securities and Exchange Commission filing fee.....	\$ 9,505
Nasdaq filing fee.....	3,650
Printing expenses (other than stock certificates).....	*
Printing and engraving of stock certificates.....	*
Legal fees and expenses.....	*
Accounting fees and expenses.....	*
Blue Sky fees and expenses.....	*
Transfer Agent fees.....	*
Miscellaneous expenses.....	*

TOTAL.....	\$ *
	=====

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* To be added by amendment

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Article Nine of the Company's Amended and Restated Articles of Incorporation (the "Articles") eliminates or limits the personal liability of directors for damages for an act or omission in the director's capacity as a director, except for (i) a breach of a director's duty of loyalty to the Company or its shareholders; (ii) an act or omission not in good faith that constitutes a breach of duty of the director to the Company or that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the directors' office; or (iv) an act or omission for which the liability of a director is expressly provided for by an applicable statute.

Article Eleven of the Articles makes mandatory the indemnification of directors permitted under Section B of Article 2.02-1 of the Texas Business Corporation Act ("TBCA") and permits the Company to advance the reasonable expenses of a director upon compliance with the requirements of Sections K and L thereof.

Article 2.02-1 of the TBCA provides as follows:

A. In this article:

(1) "Corporation" includes any domestic or foreign predecessor entity of the corporation in a merger, consolidation, or other transaction in which the liabilities of the predecessor are transferred to the corporation by operation of law and in any other transaction in which the corporation assumes the liabilities of the predecessor but does not specifically exclude liabilities that are the subject matter of this article.

(2) "Director" means any person who is or was a director of the corporation and any person who, while a director of the corporation, is or was serving at the request of the corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise.

(3) "Expenses" include court costs and attorneys' fees.

(4) "Official capacity" means

- (a) when used with respect to a director, the office of director in the corporation, and
- (b) when used with respect to a person other than a director, the elective or appointive office in the corporation held by the officer or the employment or agency relationship undertaken by the employee or agent in behalf of the corporation, but
- (c) in both Paragraphs (a) and (b) does not include service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise.

(5) "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding.

B. A corporation may indemnify a person who was, is or is threatened to be a made a named defendant or respondent in a proceeding because the person is or was a director only if it is determined in accordance with Section F of this article that the person:

- (1) conducted himself in good faith;
- (2) reasonably believed:
 - (a) in the case of conduct in his official capacity as a director of the corporation, that his conduct was in the corporation's best interests; and
 - (b) in all other cases, that his conduct was at least not opposed to the corporation's best interests; and
- (3) in the case of any criminal proceeding, had no reasonable cause to believe his conduct was unlawful.

C. Except to the extent permitted by Section E of this article, a director may not be indemnified under Section B of this article in respect of a proceeding:

- (1) in which the person is found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the person's official capacity; or
- (2) in which the person is found liable to the corporation.

D. The termination of a proceeding by judgment, order, settlement, or conviction, or on a plea of nolo contendere or its equivalent is not of itself determinative that the person did not meet the requirements set forth in Section B of this article. A person shall be deemed to have been found liable in respect of any claim, issue or matter only after the person shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom.

E. A person may be indemnified under Section B of this article against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses actually incurred by the person in connection with the proceeding; but if the person is found liable to the corporation or is found liable on the basis that personal benefit was improperly received by the person, the indemnification (1) is limited to reasonable expenses actually incurred by the person in connection with the proceeding and (2) shall not be made in respect of any proceeding in which the person shall have been found liable for willful or intentional misconduct in the performance of his duty to the corporation.

F. A determination of indemnification under Section B of this article must be made:

- (1) by a majority vote of a quorum consisting of directors who at the time of the vote are not named defendants or respondents in the proceeding;

(2) if such a quorum cannot be obtained, by a majority vote of a committee or the board of directors, designated to act in the matter by a majority vote of all directors, consisting solely of two or more directors who at the time of the vote are not named defendants or respondents in the proceeding;

(3) by special legal counsel selected by the board of directors of a committee of the board by vote as set forth in Subsection (1) or (2) of this section, or if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all directors; or

(4) by the shareholders in a vote that excludes the shares held by directors who are named defendants or respondents in the proceeding.

G. Authorization of indemnification and determination as to reasonableness of expenses must be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination as to reasonableness of expenses must be made in the manner specified by Subsection (3) of Section F of this article for the selection of special legal counsel. A provision obtained in the articles of incorporation, the bylaws, a resolution of shareholders or directors, or an agreement that makes mandatory the indemnification permitted under Section B of this article shall be deemed to constitute authorization of indemnification in the manner required by this section even though such provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.

H. A corporation shall indemnify a director against reasonable expenses incurred by him in connection with a proceeding in which he is a named defendant or respondent because he is or was a director if he has been wholly successful, on the merits or otherwise, in the defense of the proceeding.

I. If, in a suit for the indemnification required by Section H of this article, a court of competent jurisdiction determines that the director is entitled to indemnification under that section, that court shall order indemnification and shall award to the director the expenses incurred in securing the indemnification.

J. If, upon application of a director, a court of competent jurisdiction determines, after giving any notice the court considers necessary, that the director is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not he has met the requirements set forth in Section B of this article or has been adjudged liable in the circumstances described by Section C of this article, the court may order the indemnification that the court determines is proper and equitable; but if the person is found liable to the corporation or is found liable on the basis that personal benefit was improperly received by the person, the indemnification shall be limited to reasonable expenses actually incurred by the person in connection with the proceeding.

K. Reasonable expenses incurred by a director who was, is, or is threatened to be made a named defendant or respondent in a proceeding may be paid or reimbursed by the corporation, in advance of the final disposition of the proceeding and without any of the determinations specified in Sections F and G of this article, after the corporation receives a written affirmation by the director of his good faith belief that he has met the standard of conduct necessary for indemnification under this article and a written undertaking by or on behalf of the director to repay the amount paid or reimbursed if it is ultimately determined that he has not met that standard or if it is ultimately determined that indemnification of the director against expenses incurred by him in connection with that proceeding is prohibited by Section E of this article. A provision contained in the articles of incorporation, the bylaws, a resolution of shareholders or directors, or an agreement that makes mandatory the payment or reimbursement permitted under this section shall be deemed to constitute authorization of that payment or reimbursement.

L. The written undertaking required by Section K of this article must be an unlimited general obligation of the director but need not be secured. It may be accepted without reference to financial ability to make repayment.

M. A provision for a corporation to indemnify or to advance expenses to a director who was, is or is threatened to be made a named defendant or respondent in a proceeding, whether contained in the articles of incorporation, the bylaws, a resolution of shareholders or directors, an agreement, or otherwise, except in

accordance with Section R of this article, is valid only to the extent it is consistent with this article as limited by the articles of incorporation, if such a limitation exists.

N. Notwithstanding any other provision of this article, a corporation may pay or reimburse expenses incurred by a director in connection with his appearance as a witness or other participation in a proceeding at a time when he is not a named defendant or respondent in the proceeding.

O. An officer of the corporation shall be indemnified as, and to the same extent, provided by Sections H, I, and J of this article for a director and is entitled to seek indemnification under those sections to the same extent as a director. A corporation may indemnify and advance expenses to an officer, employee, or agent of the corporation to the same extent that it may indemnify and advance expenses to directors under this article.

P. A corporation may indemnify and advance expenses to persons who are or were not officers, employees, or agents of the corporation but who are or were serving at the request of the corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise to the same extent that it may indemnify and advance expenses to directors under this article.

Q. A corporation may indemnify and advance expenses to an officer, employee, agent, or person identified in Section P of this article and who is not a director such further extent, consistent with law, as may be provided by its articles of incorporation, bylaws, general or specific action of its board of directors, or contract or as permitted or required by common law.

R. A corporation may purchase and maintain insurance or another arrangement on behalf of any person who is or was a director, officer, employee, or agent of the corporation or who is or was serving at the request of the corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a person, whether or not the corporation would have the power to indemnify him against that liability under this article. If the insurance or other arrangement is with a person or entity that is not regularly engaged in the business of providing insurance coverage, the insurance or arrangement may provide for payment of a liability with respect to which the corporation would not have the power to indemnify the person only if including coverage for the additional liability has been approved by the shareholders of the corporation. Without limiting the power of the corporation to procure or maintain any kind of insurance or other arrangement, a corporation may, for the benefit of persons indemnified by the corporation, (1) create a trust fund; (2) establish any form of self-insurance; (3) secure its indemnity obligation by grant of a security interest or other lien on the assets of the corporation; or (4) establish a letter of credit, guaranty, or surety arrangement. The insurance or other arrangement may be procured, maintained, or established within the corporation or with any insurer or other person deemed appropriate by the board of directors regardless of whether all or part of the stock or other securities of the insurer or other person are owned in whole or part by the corporation. In the absence of fraud, the judgment of the board of directors as to the terms and conditions of the insurance or other arrangement and the identity of the insurer or other person participating in an arrangement shall be conclusive and the insurance or arrangement shall not be voidable and shall not subject the directors approving the insurance or arrangement to liability, on any ground, regardless of whether directors participating in the approval are beneficiaries of the insurance or arrangement.

S. Any indemnification of or advance of expenses to a director in accordance with this article shall be reported in writing to the shareholders with or before the notice or waiver of notice of the next shareholders' meeting or with or before the next submission to shareholders of a consent to action without a meeting pursuant to Section A, Article 9.10, of this Act and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

T. For purposes of this article, the corporation is deemed to have requested a director to serve an employee benefit plan whenever the performance by him of his duties to the corporation also imposes duties on or otherwise involves services by him to the plan or participants or beneficiaries of the plan. Excise taxes assessed on a director with respect to an employee benefit plan pursuant to applicable law are deemed fines.

Action taken or omitted by him with respect to an employee benefit plan in the performance of his duties for a purpose reasonably believed by him to be in the interest of the participants and beneficiaries of the plan is deemed to be for a purpose which is not opposed to the best interests of the corporation.

U. The articles of incorporation of a corporation may restrict the circumstances under which the corporation is required or permitted to indemnify a person under Section H, I, J, O, P, or Q of this article.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

During the past three years, the Company had made the following sales of unregistered securities, all of which sales were exempt from the negotiation requirements of the Securities Act pursuant to Section 4(2) thereof:

In connection with the Company's bridge financing consummated in June 1994, the Company issued to the following investors a promissory note in the original principal amount of \$500,000 (in which the investors have undivided interests therein as indicated below) and for an aggregate consideration of \$200, Bridge Warrants to purchase an aggregate of 200,000 shares of Common Stock for \$3.50 per share:

NAME OF INVESTOR	INTEREST IN THE NOTE	BRIDGE WARRANTS	PURCHASE PRICE
Heptagon Investments Limited.....	80%	160,000	\$160
Carl L. Norton.....	20%	40,000	\$ 40

On March 19, 1996, the Company issued 4,900 shares of Common Stock to Norton, Jacobs, Kuhn & McTopy, L.L.P. for services rendered in connection with the Company obtaining a \$1,000,000 revolving line of credit and a \$4,200,000 term loan from Bank One, Texas, N.A. and Bank One Leasing Corporation, respectively.

On August 22, 1996, the Company issued warrants to purchase 40,000 and 10,000 shares of Common Stock for \$6.43 per share (110% of the average closing price of a share of Common Stock for the 20 trading days preceding their issuance) to Norton Family Trust (the "Trust") and Sabrina A. McTopy ("McTopy"), respectively. Such warrants were acquired by the Trust and McTopy for \$40.00 and \$10.00, respectively. The warrants are exercisable at any time after their issuance through August 22, 2000.

On December 13, 1996, the Company issued warrants to purchase 40,000 and 10,000 shares of Common Stock for \$9.28 per share (110% of the average closing price of a share of Common Stock for the 20 trading days preceding their issuance) to the Trust and McTopy, respectively. Such warrants were acquired by the Trust and McTopy for \$40.00 and \$10.00, respectively. The warrants are exercisable at any time after December 14, 1997 through December 12, 2001.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits

EXHIBIT NO.	DESCRIPTION
1.1+	-- Form of Underwriting Agreement
3.1	-- Amended and Restated Articles of Incorporation of Mitcham Industries, Inc. (1) (Exhibit 3.1)
3.2+	-- Amended and Restated Bylaws of Mitcham Industries, Inc. (1) (Exhibit 3.2)
4.1	-- Copy of specimen stock certificate evidencing Common Stock of Mitcham Industries, Inc. (2) (Exhibit 4.1)
5+	-- Opinion of Norton, Jacobs, Kuhn & McTopy, L.L.P. as to the legality of the securities being registered
9	-- Voting Agreement, dated September 20, 1993, between the Company, Billy F. Mitcham, Jr. and certain shareholders (1) (Exhibit 9)
10.1	-- Exclusive Lease Referral Agreement, dated February 22, 1994, between Mitcham Industries, Inc. and Input/Output, Inc., as amended (3) (Exhibit 10.1)
10.2*	-- Fifth Amendment to Exclusive Lease Referral Agreement with Input/Output, dated January 9, 1997
10.3	-- Registration Rights Agreement, dated September 20, 1993, between the Company and certain shareholders (1) (Exhibit 10.14)
10.4*	-- Employment Agreement, dated January 15, 1997, between the Company and Billy F. Mitcham, Jr.
10.5	-- Consulting Agreement, dated April 1, 1994, between the Company and Billy F. Mitcham, Sr. (1) (Exhibit 10.16)
10.6*	-- First Amendment to Consulting Agreement, dated January 15, 1997, between the Company and Billy F. Mitcham, Jr.
10.7	-- Promissory Note, dated September 22, 1995, in the original principal amount of \$276,250, made payable by the Company to the order of First National Bank of Huntsville (4) (Exhibit 10.26)
10.8	-- Deed of Trust, dated September 22, 1995, securing the \$276,250 loan (4) (Exhibit 10.27)
10.9	-- Promissory Note, dated January 31, 1996, in the original principal amount of \$1,000,000 made payable by the Company to the order of Bank One, Texas, National Association ("Bank One") (5) (Exhibit 10.8)
10.10	-- Promissory Note, dated January 31, 1996, in the original principal amount of \$4,206,000, made payable by the Company to the order of Banc One Leasing Corporation ("Banc One Leasing") (5) (Exhibit 10.9)
10.11	-- Letter Loan Agreement, dated January 31, 1996, as amended, between the Company, Bank One and Banc One Leasing Corporation (5) (Exhibit 10.10)
10.12	-- Assignment of Leases, dated January 31, 1996, between the Company, Bank One and Banc One Leasing (5) (Exhibit 10.11)
10.13	-- Security Agreement, dated January 31, 1996, between the Company, Bank One, and Banc One Leasing (5) (Exhibit 10.12)
10.14	-- Exclusive Lease Referral Agreement, dated May 14, 1996, between the Company and Pelton Company, Inc. (6) (Exhibit 10.1)
10.15	-- Exclusive Equipment Lease Agreement, effective September 20, 1996, between the Company and SERCEL, S.A. (6) (Exhibit 10.2)

EXHIBIT NO.	DESCRIPTION
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10.16	-- Commercial Representation Agreement, effective September 20, 1996, between Mitcham Canada LTD., an Alberta corporation, and Georex, Inc. (6) (Exhibit 10.3)
10.17*	-- First Amendment of Exclusive Lease Referral Agreement, dated January , 1997, between the Company and Pelton
10.18	-- 1994 Stock Option Plan of Mitcham Industries, Inc. (2) (Exhibit 10.9)
10.19	-- Form of Incentive Stock Option Agreement (2) (Exhibit 10.10)
10.20	-- Form of Nonqualified Stock Option Agreement (2) (Exhibit 10.11)
10.21	-- 1994 Non-Employee Director Stock Option Plan of Mitcham Industries, Inc. (2) (Exhibit 10.12)
10.22	-- Form of Nonqualified Stock Option Agreement (2) (Exhibit 10.13)
10.23	-- Form of Mitcham Industries, Inc. customer lease agreement (1) (Exhibit 10.20)
21	-- Subsidiaries of the Company (6) (Exhibit 11)
23.1*	-- Consent of Hein + Associates LLP
23.2*	-- Consent of Norton, Jacobs, Kuhn & McTopy, L.L.P. (included in Exhibit 5).

* Filed herewith.

+ To be filed by amendment

- (1) Incorporated by reference to the indicated exhibit number of the Registrant's Registration Statement on Form SB-2 (File No. 33-81164-D), filed with the SEC on July 5, 1994.
- (2) Incorporated by reference to the indicated exhibit number of the Registrant's Amendment No. 2 to the Registration Statement on Form SB-2, filed with the SEC on November 9, 1994.
- (3) Incorporated by reference to the indicated exhibit number of the Registrant's Amendment No. 3 to the Registration Statement on Form SB-2, filed with the SEC on December 12, 1994.
- (4) Incorporated by reference to the indicated exhibit number of the Registrant's Post-Effective Amendment No. 2 to its Registration Statement on Form SB-2, filed with the SEC on October 30, 1995.
- (5) Incorporated by reference to the indicated exhibit number of the Registrant's Post-Effective Amendment No. 4 to its Registration Statement on Form SB-2, filed with the SEC on April 17, 1996.
- (6) Incorporated by reference to the indicated exhibit number of the Registrant's Registration Statement on Form S-3 (File No. 333-10555), filed with the SEC on October 30, 1996.

(b) Financial Statement Schedules

SCHEDULE	DESCRIPTION
Schedule II, including Independent Auditor's Report on Financial Statement Schedule	Statement of Valuation and Qualifying Accounts

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the

underwriters to permit prompt delivery to each purchaser. In addition, the undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933 Act, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(d) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements of filing on Form S-1 and has duly authorized this Registration Statement to be signed on its behalf by the undersigned, thereto duly authorized in the City of Huntsville, State of Texas, on January 17, 1997.

MITCHAM INDUSTRIES, INC.

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

 Billy F. Mitcham, Jr.,
 Chairman of the Board, President
 and Chief Executive Officer

In accordance with the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on January 17, 1997.

Each of the undersigned officer and directors of the Company hereby constitutes and appoints BILLY F. MITCHAM, JR. and ROBERTO RIOS, or either of them, his true and lawful attorneys-in-fact and agents, with full power of substitution, for him and on his behalf and in his name, place and stead, in any way and all capacities, to execute and file any or all amendments to this Registration Statement, with all exhibits and any and all documents required to be filed with respect thereto, with the Securities and Exchange Commission or any regulatory authority, granting unto such attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and above the premises in order to effectuate the same, as fully confirming all that such attorneys-in-fact and agents or his substitute or substitutes, may lawfully do or cause to be done.

SIGNATURE	TITLE/CAPACITY
-----	-----
/s/ BILLY F. MITCHAM, JR. ----- Billy F. Mitcham, Jr.	Chairman of the Board, President and Chief Executive Officer
/s/ PAUL C. MITCHAM ----- Paul C. Mitcham	Vice President -- Operations and Director
/s/ ROBERTO RIOS ----- Roberto Rios	Vice President -- Finance, Secretary, Secretary, Treasurer and Director
/s/ WILLIAM J. SHEPPARD ----- William J. Sheppard	Vice President -- International Operations and Director
/s/ JOHN F. SCHWALBE ----- John F. Schwalbe	Director

INDEPENDENT AUDITOR'S REPORT
ON FINANCIAL STATEMENT SCHEDULE

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

We have audited in accordance with generally accepted auditing standards, the financial statements of Mitcham Industries, Inc. included in this Registration Statement and have issued our report thereon dated February 23, 1996. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial statement schedule listed in Item 16(b) herein (Schedule II -- Valuation and Qualifying Accounts) is the responsibility of the Company's management and is presented for purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. The financial statement schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respect with the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ HEIN + ASSOCIATES LLP

HEIN + ASSOCIATES LLP
Certified Public Accountants

Houston, Texas
February 23, 1996

SCHEDULE II
MITCHAM INDUSTRIES, INC.
VALUATION AND QUALIFYING ACCOUNTS

COL. A	COL. B	COL. C(1)	COL. D	COL. E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	DEDUCTIONS - DESCRIBE	BALANCE AT END OF PERIOD
January 31, 1994 Allowance for doubtful accounts.....	\$ 58,000	\$ 38,000	3,000(A)	\$ 93,000
January 31, 1995 Allowance for doubtful accounts.....	\$ 93,000	\$ 35,000	\$ 38,000(A)	\$ 90,000
January 31, 1996 Allowance for doubtful accounts.....	\$ 90,000	\$627,000	\$ 370,000(A)	\$ 347,000

(A) Represents recoveries and uncollectible accounts written off.

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

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
1.1+	-- Form of Underwriting Agreement
3.1	-- Amended and Restated Articles of Incorporation of Mitcham Industries, Inc. (1) (Exhibit 3.1)
3.2+	-- Amended and Restated Bylaws of Mitcham Industries, Inc. (1) (Exhibit 3.2)
4.1	-- Copy of specimen stock certificate evidencing Common Stock of Mitcham Industries, Inc. (2) (Exhibit 4.1)
5+	-- Opinion of Norton, Jacobs, Kuhn & McTopy, L.L.P. as to the legality of the securities being registered
9	-- Voting Agreement, dated September 20, 1993, between the Company, Billy F. Mitcham, Jr. and certain shareholders (1) (Exhibit 9)
10.1	-- Exclusive Lease Referral Agreement, dated February 22, 1994, between Mitcham Industries, Inc. and Input/Output, Inc., as amended (3) (Exhibit 10.1)
10.2*	-- Fifth Amendment to Exclusive Lease Referral Agreement with Input/Output, dated January 9, 1997
10.3	-- Registration Rights Agreement, dated September 20, 1993, between the Company and certain shareholders (1) (Exhibit 10.14)
10.4*	-- Employment Agreement, dated January 15, 1997, between the Company and Billy F. Mitcham, Jr.
10.5	-- Consulting Agreement, dated April 1, 1994, between the Company and Billy F. Mitcham, Sr. (1) (Exhibit 10.16)
10.6*	-- First Amendment to Consulting Agreement, dated January 15, 1997, between the Company and Billy F. Mitcham, Jr.
10.7	-- Promissory Note, dated September 22, 1995, in the original principal amount of \$276,250, made payable by the Company to the order of First National Bank of Huntsville (4) (Exhibit 10.26)
10.8	-- Deed of Trust, dated September 22, 1995, securing the \$276,250 loan (4) (Exhibit 10.27)
10.9	-- Promissory Note, dated January 31, 1996, in the original principal amount of \$1,000,000 made payable by the Company to the order of Bank One, Texas, National Association ("Bank One") (5) (Exhibit 10.8)
10.10	-- Promissory Note, dated January 31, 1996, in the original principal amount of \$4,206,000, made payable by the Company to the order of Banc One Leasing Corporation ("Banc One Leasing") (5) (Exhibit 10.9)
10.11	-- Letter Loan Agreement, dated January 31, 1996, as amended, between the Company, Bank One and Banc One Leasing Corporation (5) (Exhibit 10.10)
10.12	-- Assignment of Leases, dated January 31, 1996, between the Company, Bank One and Banc One Leasing (5) (Exhibit 10.11)
10.13	-- Security Agreement, dated January 31, 1996, between the Company, Bank One, and Banc One Leasing (5) (Exhibit 10.12)
10.14	-- Exclusive Lease Referral Agreement, dated May 14, 1996, between the Company and Pelton Company, Inc. (6) (Exhibit 10.1)
10.15	-- Exclusive Equipment Lease Agreement, effective September 20, 1996, between the Company and SERCEL, S.A. (6) (Exhibit 10.2)

EXHIBIT NO.	DESCRIPTION
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10.16	-- Commercial Representation Agreement, effective September 20, 1996, between Mitcham Canada LTD., an Alberta corporation, and Georex, Inc. (6) (Exhibit 10.3)
10.17*	-- First Amendment of Exclusive Lease Referral Agreement, dated January , 1997, between the Company and Pelton
10.18	-- 1994 Stock Option Plan of Mitcham Industries, Inc. (2) (Exhibit 10.9)
10.19	-- Form of Incentive Stock Option Agreement (2) (Exhibit 10.10)
10.20	-- Form of Nonqualified Stock Option Agreement (2) (Exhibit 10.11)
10.21	-- 1994 Non-Employee Director Stock Option Plan of Mitcham Industries, Inc. (2) (Exhibit 10.12)
10.22	-- Form of Nonqualified Stock Option Agreement (2) (Exhibit 10.13)
10.23	-- Form of Mitcham Industries, Inc. customer lease agreement (1) (Exhibit 10.20)
21	-- Subsidiaries of the Company (6) (Exhibit 11)
23.1*	-- Consent of Hein + Associates LLP
23.2*	-- Consent of Norton, Jacobs, Kuhn & McTopy, L.L.P. (included in Exhibit 5).

* Filed herewith.

+ To be filed by amendment

- (1) Incorporated by reference to the indicated exhibit number of the Registrant's Registration Statement on Form SB-2 (File No. 33-81164-D), filed with the SEC on July 5, 1994.
- (2) Incorporated by reference to the indicated exhibit number of the Registrant's Amendment No. 2 to the Registration Statement on Form SB-2, filed with the SEC on November 9, 1994.
- (3) Incorporated by reference to the indicated exhibit number of the Registrant's Amendment No. 3 to the Registration Statement on Form SB-2, filed with the SEC on December 12, 1994.
- (4) Incorporated by reference to the indicated exhibit number of the Registrant's Post-Effective Amendment No. 2 to its Registration Statement on Form SB-2, filed with the SEC on October 30, 1995.
- (5) Incorporated by reference to the indicated exhibit number of the Registrant's Post-Effective Amendment No. 4 to its Registration Statement on Form SB-2, filed with the SEC on April 17, 1996.
- (6) Incorporated by reference to the indicated exhibit number of the Registrant's Registration Statement on Form S-3 (File No. 333-10555), filed with the SEC on October 30, 1996.

FIFTH AMENDMENT TO EXCLUSIVE LEASE REFERRAL AGREEMENT

This Fifth Amendment ("Amendment") is made effective January 9, 1997 by and between Mitcham Industries, Inc., a Texas corporation ("Mitcham") and Input/Output, Inc., a Delaware corporation ("I/O"), modifying by written agreement certain of the provisions of that certain Exclusive Lease Referral Agreement between Mitcham and I/O dated February 22, 1994 (the "Agreement").

WITNESSETH:

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, Mitcham and I/O agree as follows:

1. The Agreement is amended by deleting the paragraph (c), (d) and (e) in Section 21(c) of the Agreement and by adding the following paragraphs in Section 21(c) of the Agreement:

(c) The insolvency of Mitcham; or if Mitcham is adjudicated bankrupt or insolvent; or the filing of a voluntary or reorganization petition by Mitcham; or the failure of Mitcham to vacate an involuntary bankruptcy or a reorganization petition filed against Mitcham within 15 days of the date of such filing; or if Billy F. Mitcham, Jr. no longer (i) owns at least 250,000 shares of common stock, par value \$0.01 per share, of Mitcham, or (ii) is the President of Mitcham;

(d) Any transfer of this Agreement by merger, consolidation or liquidation;

(e) Default by Mitcham in the payment of any obligations to I/O, having been advised that payment is due; or

(f) Assignment; or attempt to assign, by Mitcham of the rights under this Agreement.

2. This Amendment makes no other changes to the Agreement.

3. The Agreement is ratified and confirmed as in full and effect in accordance with the terms and provisions, as amended by this Agreement.

Executive effective as provided above.

Mitcham Industries, Inc.

Input/Output, Inc.

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

By: /s/ Gary D. Owens

Billy F. Mitcham, Jr.,
President

Gary D. Owens,
President

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is by and between Billy F. Mitcham, Jr. (the "Executive") and Mitcham Industries, Inc., a Texas corporation (the "Company"), which parties agree as follows:

1. EMPLOYMENT. The Company hereby agrees to employ the Executive and the Executive hereby accepts employment by the Company, upon the terms and subject to the conditions hereinafter set forth.

2. DUTIES. The Executive shall serve as the Chairman of the Board of Directors (the "Board"), President and Chief Executive Officer of the Company. The Executive will perform the duties attendant to his executive position with the Company under the direction of the Board. The Executive agrees to (a) devote his full time and best efforts to the performance of his duties to the Company, (b) devote his best efforts to promote the success of the Company's business, and (c) cooperate fully with the Board in the advancement of the best interests of the Company. The Executive shall faithfully adhere to, execute and fulfill all policies established by the Board, from time to time. If the Executive is elected as a director or officer of any of the Company's affiliates, the Executive will fulfill his duties as such director or officer without additional compensation.

3. COMPENSATION. In consideration for the services of the Executive hereunder, commencing on the date hereof and, unless terminated sooner, continuing for the term hereof, the Company will pay the Executive an annual salary of \$150,000 (the "Salary"), which will be payable in equal periodic installments according to the Company's customary payroll practices but no less frequently than monthly. In addition, the Company may, in the sole discretion of the Board, pay the Executive a bonus or other incentive compensation. Such bonus or other incentive compensation, if any, would generally be payable following the end of the Company's fiscal year in recognition of the Executive's services for such year.

Furthermore, during the term of the Executive's employment, the Company shall provide to the Executive group hospitalization, major medical, long-term disability, life insurance coverages and pension, profit sharing, vacation, bonus and other employee benefit plans on the same terms and conditions these benefits are made available to the Company's other executive officers. In addition, during the term of this Agreement, the Company shall use its reasonable efforts to maintain a term life insurance policy on the life of the Executive, for beneficiaries to be named by the Executive in an amount equal to at least three times the Salary of the Executive.

4. TERM AND TERMINATION. The term of the Executive's employment shall commence on the date hereof and shall continue until the fifth anniversary hereof (the "Initial Term") and shall continue thereafter on a year-to-year basis on the same terms and conditions contained herein unless either party gives to the other written notice of termination no fewer than 30 days prior to the expiration of any such term. However, the Executive's employment pursuant to this Agreement shall also terminate earlier in any one of the following ways:

(i) upon the death of the Executive;

(ii) upon the disability of the Executive immediately upon notice from either party to the other;

(iii) upon three months prior notice of resignation by the Executive to the Company;

(iv) upon notice by the Company to the Executive of termination "without cause";

(v) upon notice by the Company to the Executive of termination "for cause"; or

(vi) at the Executive's option, upon notice by the Executive to the Company within 60 days following a Constructive Termination.

DEFINITION OF DISABILITY. For purposes of Section 4(ii), the Executive will be deemed to have a "disability" if, for physical or mental reasons, the Executive is unable to perform the Executive's duties under this Agreement for 120 consecutive days, or 180 days during any twelve month period, as determined herein. The disability of the Executive will be determined by a medical doctor selected by written agreement of the Company and the Executive upon the request of either party by notice to the other. If the Company and the Executive cannot agree on the selection of a medical doctor, each of them will select a medical doctor and the two medical doctors will select a third medical doctor who will determine whether the Executive has a disability. The determination of the medical doctor selected under this Section 4 will be binding on both parties. The Executive must submit to a reasonable number of examinations by the medical doctor making the determination of disability under this Section 4, and the Executive hereby authorizes the disclosure and release to the Company of such determination and all supporting medical records. If the Executive is not legally competent, the Executive's legal guardian or duly authorized attorney-in-fact will act in the Executive's stead under this Section 4, for the purposes of submitting the Executive to the examinations, and providing the authorization of disclosure, required under this Section 4.

DEFINITION OF TERMINATION FOR CAUSE. For purposes of Section 4(v), the Executive's termination "for cause" shall be defined to mean: (a) the Executive's material breach of this Agreement, including, without limitation, his failure to perform his obligations hereunder in a reasonably satisfactory manner (other than any such failure resulting from incapacity due to physical or mental illness); (b) the appropriation (or attempted appropriation) of a material business opportunity of the Company, including attempting to secure or securing a personal profit in connection with any transaction entered into on behalf of the Company; or (c) the Executive's fraud or dishonesty with respect to the business or affairs of the Company or if the Executive is convicted of, indicted for (or its procedural equivalent) or pleads nolo contendere or guilty to, any felony criminal offense or any civil offense involving fraud or moral turpitude, the equivalent thereof, or any crime with respect to which imprisonment is a possible punishment.

DEFINITION OF CONSTRUCTIVE TERMINATION. For purposes of Section 4(vi), the term "Constructive Termination" shall be defined to mean (i) a material reduction in the Executive's duties and responsibilities without the Executive's consent; or (ii) a reduction in or the failure by the Company to pay when due, any portion of the Salary.

COMPENSATION IF TERMINATED BY DEATH. If the Executive's employment is terminated because of the Executive's death, the Executive will be entitled to receive the portion of the Salary that is due at the end of the calendar month in which his death occurs.

COMPENSATION IF TERMINATED BY DISABILITY. If the Executive's employment is terminated by either party as a result of the Executive's disability, the Company will pay the Executive the portion of the Salary that is due at the end of the calendar month during which such termination is effective and for the lesser of (a) six consecutive months thereafter, or (b) the period until disability insurance benefits commence under any disability insurance coverage furnished by the Company to the Executive.

COMPENSATION IF TERMINATED WITHOUT CAUSE OR BY CONSTRUCTIVE TERMINATION. In the event the Executive's employment with the Company is terminated by the Executive within 60 days following a Constructive Termination, the Company will pay the Executive, as the Executive's sole remedy in connection with such termination, a severance payment in an amount equal to \$450,000 (the "Severance Payment"). The Severance Payment shall be payable to the Executive in equal monthly payments over a period of 24 months following the date of termination. The Company will also pay the Executive the portion of the Salary that is accrued but unpaid from the last payment date to the date of termination.

COMPENSATION IF TERMINATED BY EXECUTIVE'S RESIGNATION OR FOR CAUSE.

If the Company terminates the Executive's employment for cause or if the Executive resigns his employment with the Company, the Executive will be entitled to receive the portion of the Salary that is due through the date such termination is effective.

5. **ACCRUED BENEFITS.** The Executive's accrual of, or participation in plans providing for, benefits will cease at the effective date of the termination of the Executive's employment and the Executive will be entitled to accrued benefits pursuant to such plans only as provided in such plans. Notwithstanding anything herein to the contrary, the Executive will not receive, as part of his termination pay pursuant to this Section 4, any payment or other compensation for any vacation, holiday, sick leave, or other leave unused on the date any notice of termination is given under this Agreement.

6. **EFFECT OF TERMINATION ON OPTIONS.** Any options to purchase the Company's Common Stock held by the Executive will automatically expire if the Executive's employment with the Company is terminated "for cause" or if the Executive voluntarily leaves the employment of the Company. If the Executive's employment with the Company ends for any reason other than termination for cause, voluntary departure or due to death, the Executive's options will remain exercisable and will vest and expire in accordance with the terms of the applicable option agreements. If the Executive dies while employed by the Company, his options shall become fully exercisable on the date of his death and shall expire twelve months thereafter.

7. **CONFIDENTIALITY.** The Executive acknowledges that he will have access to confidential information regarding the Company and its business. The Executive agrees that he will not, during or subsequent to his employment, divulge, furnish, or make accessible to any person (other than with the prior written consent of the Company) any information or plans of the Company. However, confidential information or plans shall exclude information or plans which: (a) at the time of disclosure already is in the public domain or which, after disclosure, is published or otherwise becomes part of the public domain through no fault of the Executive; (b) the Executive can show was in his possession at the time of the Company's disclosure and was not acquired, directly or indirectly, from the Company or from a third party under an obligation of confidence; or (c) the Executive can show was received by the Executive after the time of the Company's disclosure from a third party who did not require the Executive to hold it in confidence; or (d) is developed by or for the Executive independent of the confidential information or plans in question.

8. **NONCOMPETITION.** For two years after termination of the Executive's employment hereunder, the Executive will not (i) engage directly or indirectly, alone or as a shareholder, partner,

officer, director, employee or consultant of any other business organization, in any business activities which (a) relate to the ownership or operation of a business owned or to be owned by Company (the "Designated Business"), and (b) were either conducted by the Company prior to the Executive's termination or proposed to be conducted by the Company at the time of such termination, (ii) divert to any competitor of the Company in the Designated Business any customer of the Company, or (iii) solicit or encourage any officer, employee, or consultant of the Company to leave its employ for employment by or with any competitor of the Company in the Designated Business.

The parties hereto acknowledge that the Executive's noncompetition obligations hereunder will not preclude the Executive from owning less than 1% of the common stock of any publicly traded corporation conducting business activities in the Designated Business. The Executive will continue to be bound by the provisions of this Section 7 until their expiration and will not be entitled to any compensation from the Company with respect thereto. If at any time the provisions of this Section 7 are determined to be invalid or unenforceable, by reason of being vague or unreasonable as to area, duration or scope of activity, this Section 7 will be considered divisible and will become and be immediately amended to only such area, duration and scope of activity as will be determined to be reasonable and enforceable by the court or other body having jurisdiction over the matter; and the Executive agrees that this Section 7 as so amended will be valid and binding as though any invalid or unenforceable provision had not been included herein.

9. REIMBURSEMENT OF EXPENSES. The Company will reimburse the Executive for all reasonable out-of-pocket costs and expenses incurred by him in connection with his employment hereunder (the "Reimbursable Expenses"). Such Reimbursable Expenses shall include the Executive's out-of-pocket costs and expenses for travel, hotel rooms, long- distance telephone calls, delivery charges, parking fees and copying charges. On or about the last day of each month, the Executive will submit an invoice to the Company describing in reasonable detail the Reimbursable Expenses to be reimbursed. All such invoices shall include adequate supporting documentation, including receipts where appropriate. All such invoices will be reimbursed by the Company within 45 days of the Company's receipt of the invoice.

10. ARBITRATION. Any dispute between the Company and the Executive arising out of or related to this Agreement or breach thereof, shall be settled by binding arbitration in accordance with the rules of the American Arbitration Association. The arbitration shall be conducted by three neutral arbitrators who shall sit in Houston, Texas. Any award made by such arbitrators shall be binding and conclusive for all purpose thereof, may include injunctive relief, as well as orders for specific performance and

may be entered as a final judgment in any court of competent jurisdiction. No arbitration arising out of or relating to this Agreement shall include, by consolidation or joinder or in any other manner, parties other than the Company or the Executive and other persons substantially involved in common question of fact or law whose presence is required if complete relief is to be afforded in arbitration. The cost and expenses of such arbitration shall be borne in accordance with the determination of the arbitrators and may include reasonable attorneys' fees. Each party hereby further agrees that service of process may be made upon it by registered or certified mail or personal service at the address provided for herein.

11. RETURN OF DOCUMENTS. The Executive agrees that all documents, plans, records, computer programs, notes, drawings, models and other materials (whether or not secret or confidential) that he receives, prepares or otherwise acquires during his employment with the Company, and which pertain to the business or affairs of the Company, are the property of the Company. The Executive will deliver to the Company all copies of such materials in his possession or under his control whenever the Company requests. In the event of his termination of employment with the Company for whatever reason, the Executive shall produce to the Company for its inspection all such materials then in his possession or under his control.

12. EQUITABLE RELIEF. In the event of a breach by the Executive of any of the provisions of Sections 6 or 7, the Company shall, in addition to any other rights and remedies existing in its favor, be entitled to receive from any court of law or equity of competent jurisdiction for specific performance and injunctive or other relief in order to enforce or prevent any violations of the provisions hereof.

13. SURVIVAL. The rights and obligations of the parties hereto shall survive the term of the Executive's employment under this Agreement to the extent that any performance is required under this Agreement after the expiration of the Executive's employment.

14. MISCELLANEOUS.

14.1 ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. This Agreement supersedes all letters, memoranda and term sheets previously prepared in connection with the negotiations surrounding the execution of this Agreement. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

14.2 NOTICES. Any notices permitted or required to be given under the terms of this Agreement shall be in writing and shall be deemed given if delivered to the party to be notified at the address specified below, by first class mail, overnight courier or fax with hard copy being sent by first class mail or overnight courier. Such notice shall be deemed received 24 hours after it is sent via fax (with receipt confirmed) or overnight courier. Any notice given in any other manner shall be effective only if and when received.

The Executive: Billy F. Mitcham, Jr.
563 Elkins Lake
Huntsville, Texas 77340
Telephone No.: (409) 291-3757

The Company: Mitcham Industries, Inc.
44000 Highway 75 South
P. O. Box 1175
Huntsville, Texas 77342
Attention: Board of Directors
Telephone No.: (713) 353-4475
Facsimile No.: (409) 291-1922

The address of any party may be changed by notice given in the manner provided in this Section 14.2.

14.3 GOVERNING LAW. THE VALIDITY, CONSTRUCTION AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS WITHOUT GIVING EFFECT TO CHOICE OF LAW OR CONFLICTS OF LAWS PRINCIPLES.

14.4 WITHHOLDING. All payments required to be made by the Company under this Agreement to the Executive will be subject to the withholding of such amounts, if any, relating to federal, state and local taxes as may be required by law.

14.5 PRESERVATION OF BUSINESS; FIDUCIARY RESPONSIBILITY. The Executive shall use his best efforts to preserve the business and organization of the Company, to keep available to the Company the services of its present employees and to preserve the business relations of the Company with suppliers, customers and others. The Executive shall not commit any act which would injure the Company. The Executive shall observe and fulfill proper standards of fiduciary responsibility attendant upon his service and office.

14.6 SEVERABILITY. If a provision of this Agreement is declared unenforceable by a court of last resort, such provision shall be enforced to the greatest extent permitted by law, and such declaration shall not affect the validity of any other provision of this Agreement.

14.7 REPRESENTATION BY SEPARATE COUNSEL. The Executive acknowledges that he has been advised to retain separate legal counsel to represent his interests under this Agreement and he has done so.

14.8 AMENDMENTS AND WAIVERS. This Agreement may be amended only by a written instrument designated as an "amendment" to this Agreement and signed by the parties hereto, and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument signed by the person specifically waiving such observance.

14.9 MULTIPLE COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which shall be deemed one instrument.

Executed this the 15th day of January, 1997.

THE EXECUTIVE:

/s/ BILLY F. MITCHAM, JR.

Billy F. Mitcham, Jr.

THE COMPANY:

MITCHAM INDUSTRIES, INC.

By: /s/ ROBERT RIOS

Robert Rios, Vice President-Finance

(Name Printed) (Title)

FIRST AMENDMENT TO CONSULTING AGREEMENT

This First Amendment to Consulting Agreement (the "Amendment") is by and between Mitcham Industries, Inc., a Texas corporation (the "Company") and Billy F. Mitcham, Sr. (the "Consultant"), amending by written agreement certain provisions of that certain Consulting Agreement by and between the Company and the Consultant, effective April 1, 1994 (the "Consulting Agreement").

For good and valuable consideration, the sufficiency and receipt of which are acknowledged hereby, the Company and the Consultant agree as follows:

- (a) the \$5,000 monthly fee that is payable to the Consultant as set forth in Section 4 of the Consulting Agreement, shall be increased to \$5,500 effective the date hereof; and
- (b) unless terminated sooner pursuant to the terms of the Consulting Agreement, the term during which the Consultant will perform the Consulting Services shall be extended to January 31, 1999.

All terms not defined herein shall have the same meaning as set forth in the Consulting Agreement. This Extension Agreement makes no other changes to the Consulting Agreement. In addition, the Consulting Agreement is ratified and confirmed as being in full force and effect in accordance with its terms and provisions, as amended by this Extension Agreement.

Executed to be effective this the 15th day of January 1997.

The Company:

Mitcham Industries, Inc.

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

Billy F. Mitcham, Jr., President

The Consultant:

/s/ BILLY F. MITCHAM, SR.

Billy F. Mitcham, Sr.

FIRST AMENDMENT TO EXCLUSIVE LEASE REFERRAL AGREEMENT

This First Amendment (the "Amendment") is by and between Mitcham Industries, Inc., a Texas corporation ("Mitcham") and Pelton Company, Inc., an Oklahoma corporation ("Pelton"), modifying by written agreement certain provisions of that certain Exclusive Lease Referral Agreement between Mitcham and Pelton dated May 14, 1996 (the "Agreement").

For good and valuable consideration, the receipt and sufficiency of which are acknowledged hereby, Mitcham and Pelton agree as follows:

1. For purposes of the Agreement, the term "Lease" shall be defined as a contract having a term of no more than one year by which the Products are conveyed to a third party for a specified amount of rent.

2. The Agreement is amended by deleting the last sentence of paragraph 8 of the Agreement.

3. The Agreement is amended by deleting paragraph (c) in Section 20 of the Agreement and by adding the following paragraph as Section 20(c) of the Agreement:

(c) The insolvency of Mitcham; or if Mitcham is adjudicated bankrupt or insolvent; or the filing of a voluntary bankruptcy or reorganization petition by Mitcham; or the failure of Mitcham to vacate an involuntary bankruptcy or a reorganization petition filed against Mitcham within 15 days of the date of such filing; or any transfer of this Agreement by merger, consolidation or liquidation; or if Billy F. Mitcham, Jr. no longer owns at least 250,000 shares of common stock, par value \$0.01 per share, of Mitcham; or if any competitor of Pelton owns, directly or indirectly, whether issued or rights to acquire, more than five percent of Mitcham's outstanding capital stock on a fully-diluted basis;

4. This Amendment makes no other changes to the Agreement.

5. The Agreement is ratified and confirmed as being in full force and effect in accordance with its terms and provisions, as amended by this Amendment.

Executed to be effective this the 15th day of January 1997.

Pelton:

Pelton Company, Inc.

By: /s/ K. L. MITCHELL

K. L. Mitchell, President

(Name Printed) (Title)

Mitcham:

Mitcham Industries, Inc.

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

Billy F. Mitcham, Jr., President

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We consent to the use of our reports on the financial statements and related financial statement schedule as of January 31, 1995 and 1996 and for each of the years in the three year period ended January 31, 1996, dated February 23, 1996, included herein, in this Registration Statement on Form S-1 and to the reference to our Firm under the heading "Experts."

/s/ HEIN + ASSOCIATES LLP

HEIN + ASSOCIATES LLP
Certified Public Accountants
Houston, Texas
January 16, 1997