



Mitcham Industries, Inc.

Company Investment Profile

April 2008

This Company Investment Profile is being produced by Mitcham in continuation of the Company's goal to provide greater transparency and communication with its stakeholders. The Company's objective with this Company Profile is to differentiate itself by providing a more thorough understanding of its industry positioning, long-term vision, strategy and products. *For more information on Mitcham, please visit us at www.mitchamindustries.com.*

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**Reader Advisory, Risks and Forward Looking Statements**

This Company Investment Profile is presented as a brief company overview for the information of investors, analysts and other parties with an interest in Mitcham Industries, Inc. (herein referred to as "Mitcham," "the Company" and by its abbreviation, "MIND"). The information included herein contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements include statements concerning expected future financial positions, segment sales, results of operations, cash flows, funds from operations, financing plans, gross margins, business strategy, budgets, projected costs and expenses, capital expenditures, competitive position, product offerings, technology developments, access to capital and growth opportunities, future sales and market growth, and other statements that are not of historical fact. Actual results may vary materially from those described in these forward-looking statements. All forward-looking statements reflect numerous assumptions and involve a number of risks and uncertainties. These risks and uncertainties include the timing and development of the Company's products and services and market acceptance of the Company's new and revised product offerings; risks associated with competitor's product offerings and pricing pressures resulting therefrom; the relatively small number of customers that the Company currently relies upon; the fact that a significant portion of the Company's revenues is derived from foreign sales; the Company's ability to successfully manage the integration of its acquisitions into the Company's operations; the risks that sources of capital may not prove adequate; the Company's inability to produce products to preserve and increase market share; collection of receivables; and technological and marketplace changes affecting the Company's product line. Additional risk factors, which could affect actual results, are disclosed by the Company from time to time in its filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended January 31, 2008.

Many risks, uncertainties and assumptions are associated with MIND, its operations and the oil & gas industry it serves. Before making any investment decision, the Company urges the reader to closely consider the variety of risks to its business which are described in greater detail under the heading "Risk Factors" in its SEC filings, most notably in its most recent Form 10-K, filed April 14, 2008. *The information contained in this document is only current as of the date indicated on the cover and the Company undertakes no obligation to update this document.*

Use of EBITDA & Regulation G Reconciliation

This Company Investment Profile contains references to the non-GAAP financial measure of Earnings (net income) before Interest, Taxes, Depreciation, and Amortization, or EBITDA. EBITDA is defined as net income (loss) before (i) interest income, net of interest expense, (ii) provision for (or benefit from) income taxes and (iii) depreciation, amortization and impairment of assets. Mitcham considers EBITDA to be an important indicator for the performance of our business, but not measures of performance calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP"). We have included this non-GAAP financial measure because it provides management with important information for assessing our performance and as an indicator of our ability to make capital expenditures and finance working capital requirements. EBITDA is not a measure of financial performance under GAAP and should not be considered in isolation or as an alternative to cash flow from operating activities or as an alternative to net income as an indicator of operating performance or any other measures of performance derived in accordance with GAAP. Other companies in our industry may calculate EBITDA differently than we do, and EBITDA may not be comparable with similarly titled measures reported by other companies.

Reconciliations of this financial measure to the most directly comparable GAAP financial measure are provided in the table below. Management's opinion regarding the usefulness of such measure to investors and a description of the ways in which management uses such measure can be found in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission.

	<u>1/31/04</u>	<u>1/31/05</u>	<u>1/31/06</u>	<u>1/31/07</u>	<u>1/31/08</u>
Net income (loss)	\$ (6,289)	\$ 2,129	\$ 10,855	\$ 9,285	\$ 11,439
Interest	176	71	(422)	(836)	(479)
Taxes	-	277	(2,964)	(1,828)	5,488
<u>Depreciation and amortization</u>	<u>14,663</u>	<u>10,596</u>	<u>9,575</u>	<u>8,919</u>	<u>11,879</u>
EBITDA	<u>\$ 8,550</u>	<u>\$ 13,073</u>	<u>\$ 17,044</u>	<u>\$ 15,540</u>	<u>\$ 28,327</u>

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 Company Investment Profile
MITCHAM INDUSTRIES, INC.
 NASDAQ: MIND



The Mitcham Advantage

WWW.MITCHAMINDUSTRIES.COM

- A Seismic Leasing Leader.** Mitcham Industries (MIND) is the world's largest independent lessor of land and marine seismic equipment to the oil and gas industry. MIND also sells new and "seasoned" equipment on an opportunistic basis. Its global presence, extensive lease pool and strong customer relationships are significant competitive barriers. Moreover, its expansive franchise and infrastructure would be expensive and time-consuming to replicate.
- Leasing More Economic Than Buying.** Leasing yields economic benefits for both Mitcham and its customers. Mitcham benefits from the attractive economics of the business, such as strong margins, double digit returns and a quick payback on equipment purchases. Customers, on the other hand, benefit from reduced capital expenditures by leasing instead of buying seismic equipment and by gaining quick and reliable access to MIND's extensive inventory.
- Exclusive Supplier Agreements Offer Advantages.** MIND has exclusive supply and lease referral agreements with its primary supplier. These agreements give Mitcham a significant competitive advantage as a sole lessor on certain seismic equipment in addition to preferential pricing and expedited delivery arrangements.
- Marine Seismic Has Upside Potential.** Once landlocked in terms of its lease pool, Mitcham expanded into the marine seismic market with its 2005 acquisition of Seamap, which added manufacturing and sales of proprietary offshore seismic equipment and telemetry systems. Exposure to the marine seismic market affords more favorable lease terms and a platform to expand internationally.
- Global Expansion Into High-Growth Regions.** MIND has established footholds in the high-growth Russian and Asian Pacific regions. Building scale internationally should enhance its operating efficiencies and customer service capabilities.
- Secular Catalysts Support Seismic Market Growth.** Forward-looking metrics indicate that seismic activity is on an uptrend. Increased international E&P spending, additions to seismic crew capacity, increasing size/complexity of higher resolution surveys, and the opening of previously restricted markets to foreign investments are all favorable trends for the seismic leasing and sales business.

Price (April 25, 2008) \$19.20

Stock Data

Fiscal Year end:	January
Symbol / Exchange:	MIND / NASDAQ
52-Week Range:	\$14.00-\$21.98
Shares Outstanding ¹⁾ :	10.36 MM
Market Capitalization ¹⁾ :	\$198.8 MM
Total Enterprise Value (TEV) ²⁾ :	\$186.5 MM
Avg. Daily Stock Volume (L3M):	86,018
Insider Ownership ³⁾ :	15.8%
13F Institutional Ownership:	52.21%

Financial Data & Guidance

Select Income Statement:	FY2007	FY2008
Revenues:	\$48.9mm	\$76.4mm
Operating Income:	\$6.6mm	\$16.4mm
EBITDA ⁴⁾ :	\$15.5mm	\$28.3mm
EPS:	\$0.93	\$1.11

TEV / EBITDA:	11.6x	6.4x
P / E:	20.0x	16.8x

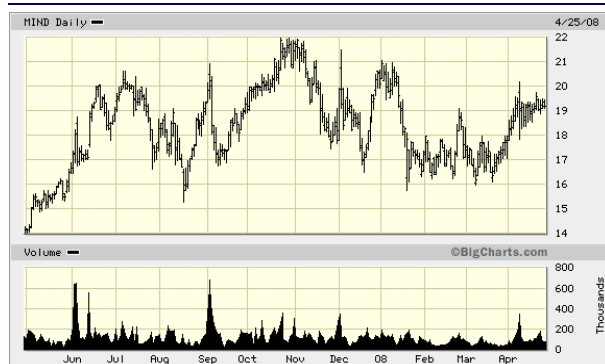
Select Balance Sheet: (\$MM)	1/31/07	1/31/08
Total Cash & ST Investments:	\$12.6	\$13.9
Total Debt:	\$3.0	\$1.5
Total Stockholders' Equity:	\$59.5	\$75.8
Total Debt / Capitalization:	4.8%	1.9%

Segment Data

Revenue Mix:		FY2007	FY2008
Lease / Sales		51% / 49%	45% / 55%
N. America / International		41% / 59%	27% / 73%

Profitability:		47.2%	46.9%
Gross Margins			
Operating Margins		13.4%	21.5%

Stock Price & Volume



1) Reflects diluted shares outstanding as of October 31, 2007.
 2) Total Enterprise Value (TEV) is defined as Market Capitalization plus Total Debt less Total Cash.
 3) Represents executive officers and directors as disclosed in the latest Proxy Statement on file with the SEC.
 4) EBITDA is a non-GAAP financial measure; see inside front cover for GAAP reconciliation.



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1. Company Overview

THE EXPLORATION EQUIPMENT SUPPLIER™

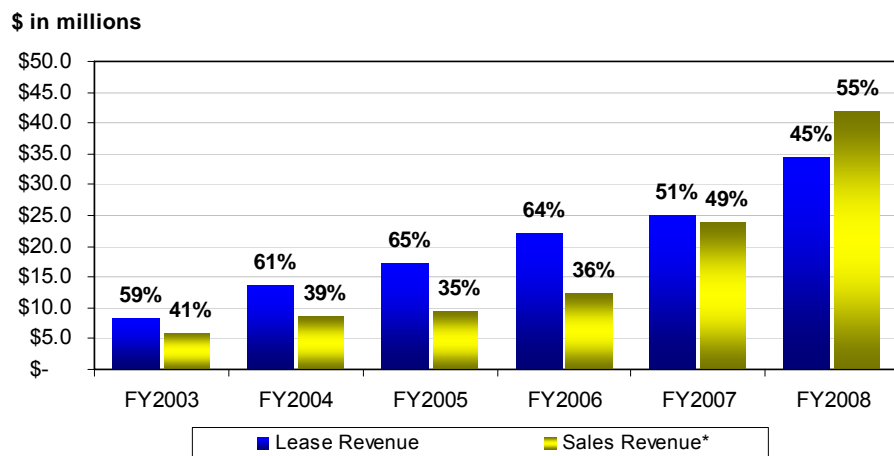
Founded in 1987, Mitcham Industries, Inc. (“MIND” or “The Company”) is the world’s largest lessor of seismic and peripheral equipment to the global oil and gas industry. It also sells a wide variety of both new and used or “experienced” equipment and designs, manufactures and sells marine seismic equipment through its Seamap subsidiary. Mitcham’s lease pool and product offerings are primarily used by seismic data acquisition contractors to perform seismic surveys on land, in transition zones (marsh and shallow water areas) and marine areas.

Typically, Mitcham leases seismic equipment on a short-term basis (in most cases, between three to six months) to contractors seeking to supplement their existing equipment inventories with additional capacity to complete a seismic survey. Short-term leases enable these customers to realize both operating and capital investment efficiencies, and certain leases contain a purchase option. Mitcham’s lease pool consists of various types of electronic equipment used in seismic data acquisition. The equipment is leased until the end of its useful life or its sale, and in some cases, its useful life extends well beyond its depreciable life.

In addition to its leasing business, Mitcham also sells a broad range of seismic equipment on a worldwide basis. Sales activity primarily involves the sale of original equipment manufactured by a subsidiary, the resale of new equipment manufactured by third parties, and the occasional sales of used or “experienced” equipment from its own lease pool. The Company also offers field technical support services on request.

Until recently, Mitcham was more heavily weighted towards the leasing business, which generated almost 65% of its total revenue mix in fiscal 2006 and just over half in fiscal 2007 (fiscal year ending January 31). The mid-2005 acquisition of Seamap International Holdings launched the Company into original equipment manufacturing and sales, and subsequently, equipment sales have steadily risen as a percentage of total revenues. In fiscal 2008, sales revenues actually exceeded lease revenues for the first time (see Figure 1).

Figure 1: Revenue Mix

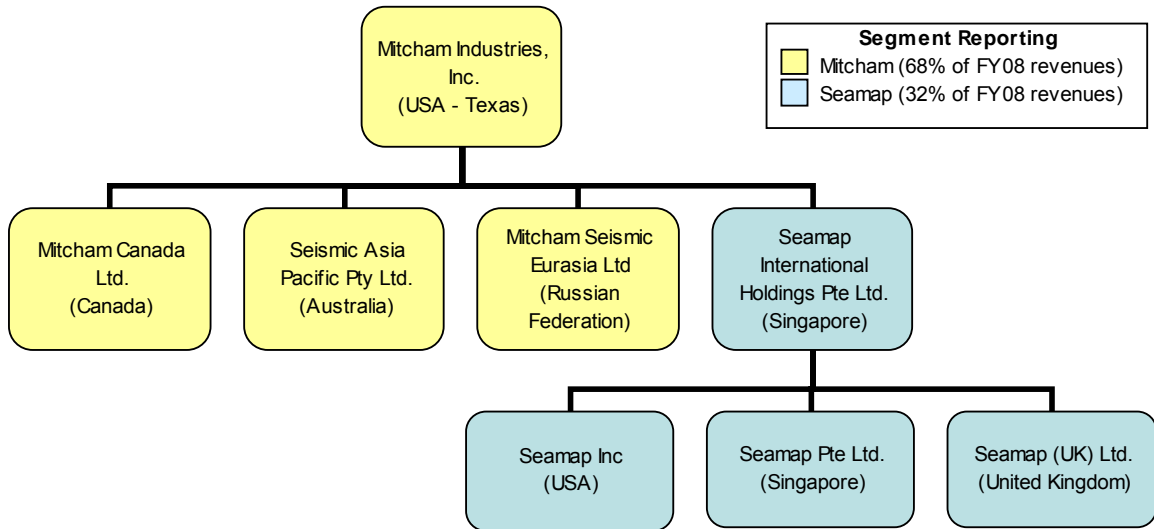


* Sales Revenue includes sales of originally manufactured equipment, equipment for resale and sales of experienced equipment.



BUSINESS AND SUBSIDIARIES

The Company’s domestic operations are primarily conducted by Mitcham Industries, Inc. and its international and marine businesses are operated by four wholly-owned subsidiaries.



Mitcham Canada Ltd. The acquisition of Calgary-based Mitcham Canada expanded the Company’s sales and services footprint within the North American market. However, Canadian drilling and related seismic activity are seasonally driven, with greater demand during winter months from January to April.

Seismic Asia Pacific Pty Ltd. (“SAP”) Acquired in December 2002, Australian-based SAP is the largest independent seismic leasing company in the Pacific Rim, which gives Mitcham a strong foothold in that markets. It also sells equipment, consumables, systems integration, engineering hardware and software maintenance support services to the seismic, hydrographic, oceanographic, environmental and defense industries throughout Southeast Asia and Australia.

Mitcham Seismic Eurasia (“MSE”) Established as a subsidiary of Mitcham in November 2005, MSE performs equipment rental and technical assistance services primarily in Russia and Central Asia. MSE has enabled the Company to lease approximately 17,000 channels (see Section 5. Appendix for a discussion of seismic recording channels) of seismic recording equipment to customers in Russia. As in Canada, the Russian market for seismic survey activity is seasonal and occurs primarily in the winter months.

Seamap International Holdings The acquisition of Seamap in July 2005 represented an important new direction for the Company as it accomplished two strategic objectives: (1) allowed Mitcham to move up the value chain from pure leasing to the actual manufacturing of marine seismic equipment, and (2) expanded Mitcham’s presence geographically and diversified its customer base.



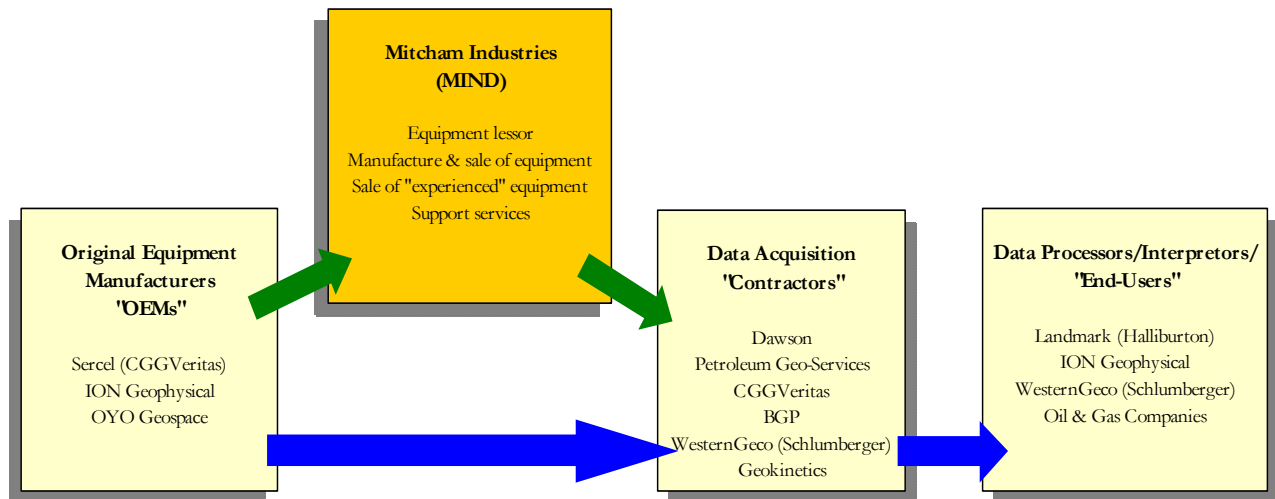
Seamap's BuoyLink uses GPS to track multiple seismic gun floats and tail buoys.

Seamap designs, manufactures and sells a broad range of proprietary products for the seismic, hydrographic and oceanographic industries with product sales and support facilities in Texas, Singapore and the United Kingdom. Seamap’s two primary products include the industry-leading range of GunLink seismic source acquisition and control systems which precisely coordinate the firing of air guns that generate marine seismic energy and record its signals, and the BuoyLink GPS system, which provides precise tracking of seismic sources and streamers (marine recording channels that are towed behind a vessel) in marine seismic acquisition.



2. Business Strategy and Competitive Position

MITCHAM'S NICHE IN THE SEISMIC INDUSTRY



SEISMIC EQUIPMENT LEASING

Leasing is the foundation upon which Mitcham was built. Mitcham's niche within the seismic industry is largely to act as a supplemental provider of seismic equipment which it purchases from original equipment manufacturers ("OEM")*. For many end-users of seismic equipment, the economics of purchasing equipment, or a broad inventory of equipment, to complete a seismic survey may be prohibitive. For these customers, leasing the equipment (or some portion of it) may be a more feasible and more economic alternative. In those instances, Mitcham is the largest lessor of seismic equipment.

The Company carries a large inventory of equipment used in seismic data acquisition. This equipment varies in technological sophistication and includes over 78,000 seismic recording channels, along with a complement of geophones and cables, earth vibrators, and other peripheral seismic equipment. (Please refer to Section 5: Appendix *Introduction to Seismic Surveying* for an overview of seismic surveying and the equipment used). **It is important to note that Mitcham's lease pool equipment is generally fungible between applications, meaning that the same equipment can be used to perform lower resolution 2-D seismic shoots as well as the more sophisticated, higher resolution 3-D and 4-D surveys.** This interchangeability yields the dual benefits of lower cost and higher utilization.

Mitcham's leasing operations are characterized by the following traits:

✓ ***Asset-Intensive Business Requiring Scale***

Customers generally lease seismic equipment to supplement their existing inventory of equipment and need it on relatively short notice. This requires lease providers to have adequate inventory of equipment that can be delivered in a timely manner. Thus, sufficient scale and geographic reach is a critical service differentiator and an advantage Mitcham enjoys over its smaller competitors. It enables the Company to better service the equipment it leases and to quickly address technical issues, thus further enhancing its competitive positioning and customer retention.

* Mitcham also manufactures equipment, primarily for the offshore seismic market, via its Seamap subsidiary.



The equipment in the Company's lease pool is predominantly supplied by Sercel (a subsidiary of CGGVeritas), a leading seismic equipment manufacturer. A key competitive advantage for Mitcham is an exclusive lease agreement that designates it as the sole worldwide short-term leasing representative for certain of Sercel's products. The agreement also allows the Company to expand its leasing pool on more favorable terms, e.g., preferential pricing and expedited delivery. This arrangement has contributed to gross margins that are among the highest in the industry, and as a result, generated high returns on invested capital for Mitcham.

✓ ***Market Demand Dictates Asset Growth***

The growth in Mitcham's lease pool has been in response to rising global demand for seismic equipment. Seismic demand growth originates from the need to meet the increasing demand for energy. Rising energy consumption has also pushed commodity prices to record-high levels, and so far, the run up in oil and natural gas prices has not curbed demand. High prices have also put more cash in the hands of energy companies, and over the past several years, more capital has been devoted to exploration activities. Consequently, demand for seismic data, and thus, seismic equipment, has risen. Not only has there been an increase in the number of surveys performed, but also the size and complexity of the surveys. The quest for hydrocarbons has moved drilling activity into lesser-explored, higher-risk areas, increasing the need for the more advanced seismic technologies. These industry trends are expected to continue for some time, which should be supportive of further demand growth for seismic equipment.

✓ ***Inherent Leverage of Leasing***

One of the attractions of the seismic leasing business is the inherent financial leverage. Beyond the initial capital investment for the lease pool inventory, the majority of the rental costs are fixed and the incremental costs to add new business are minimal. Customers are typically responsible for insurance, maintenance and repairs on the leased equipment and for all importation and transportation expenditures, and Mitcham's capital outlays are related to malfunctions or replacement, if necessary. Recently, the majority of Mitcham's capital expenditures have been used to expand its lease pool rather than replace current capacity, reflecting the strong seismic market environment.

Mitcham generally rents its equipment on a monthly basis, with terms usually running three to six months for the land market and about six to twelve months for the marine market. Longer term leases are more beneficial to Mitcham, as there is less downtime spent on testing, repairing, and prepping the equipment for the next customer. This, in turn, improves utilization. The Company estimates that a 5% increase in utilization yields roughly \$3 million of incremental revenue with minimal additional cost. Revenue gains can have a disproportionate impact on profit because of depreciation, which represents a large fixed-cost component. Thus, revenue increases flow directly to the bottom line.

✓ ***Healthy Profitability and Returns***

In terms of economics, Mitcham's gross margin has averaged close to 90% over the last three years largely because of its exclusive supply agreements. The average payback period on its leased equipment is approximately two years or less, and Mitcham has enjoyed a double-digit return on invested capital (ROIC) in the mid-to-high teens. During periods of strong demand, Mitcham may lease some of its older, fully-depreciated equipment, and the returns can even higher, in the 20%+ range. Most of Mitcham's rental equipment has a depreciable life ranging from 2 to 10 years, averaging about



five, with cables and geophones in the shorter range and vibrator trucks and heavy equipment on the long end.

✓ ***Seasonality in Various Markets***

Mitcham's leasing business has a seasonal component that is more heavily weighted toward the winter months because of its Canadian and Russian exposure. In particular, seismic activity increases in both Canada and northern Russia during the winter season as the frozen terrain allows trucks, earth vibrators and other heavy equipment to easily access and traverse survey areas. Once these areas thaw, the ground becomes too unstable to accommodate survey activity. During the seasonally slower period, Mitcham tends to relocate its equipment to more active markets.

This seasonality in seismic activity also creates seasonality in Mitcham's financial results, with the fiscal first quarter historically the strongest. However, as the Company expands its global operations beyond Russia and Canada and increases its presence in the non-seasonal marine market, its revenues and earnings are likely to become less seasonal over time.

✓ ***Marine Leasing Attractiveness***

For most of its history, Mitcham's business was exclusively land-based until the acquisitions of SAP and Seemap "set sail" into the marine business. Today, the marine seismic segment contributes about 15-20% to lease revenues and represents a solid growth platform going forward. Leases on marine equipment have longer durations and more attractive economics than on land equipment. Longer lease arrangements reduce the frequency that the rental equipment is returned to Mitcham's inventory and the duration of the revenue stream is lengthened.



Source: Nuna Logistics Limited

In arctic regions, some areas can only be traversed when the ground is frozen.



Source: CGGVeritas

Marine seismic acquisition represents one of Mitcham's primary growth drivers.

BENEFITS TO THE CUSTOMER

Leasing seismic equipment also offers several compelling advantages to the customer versus an outright purchase:

Supplemental Equipment Inventories for Specific Jobs

Because leased equipment is not typically used as supplemental equipment to complete a seismic shoot, the scale of a job can vary. This may range from a small amount of leased equipment to expand existing crew capabilities, up to a complete seismic data acquisition system that would equip an entire crew. Mitcham has the means and flexibility to outfit a wide range of job types, and can do so both expeditiously and economically.

Better Leverage of Customer Balance Sheet

Demand for short-term seismic equipment leases is affected by many unpredictable factors, including the highly variable size and technological demands of individual seismic surveys, seasonal weather patterns and sporadic demand for surveys in certain regions, and costs of seismic equipment. By using Mitcham's flexible leasing solution, customers achieve two major benefits: (1) saving the capital expense of purchasing excess equipment, and (2) reducing the prospect of having equipment lying idle between jobs.

Equipment Provided on Demand

In most cases, Mitcham has the ability to fulfill a customer's equipment needs within 24 hours. This is possible because of its extensive seismic equipment lease pool and worldwide geographic reach that not only allow quick on-site delivery but the ability to provide technical assistance and repair when circumstances demand.



SEISMIC EQUIPMENT SALES

Complementary to its leasing model is the sale of seasoned equipment and resale of new equipment. These opportunities typically arise during a customer's "buy-versus-lease" decision making process. Furthermore, Mitcham leverages its sales operations as an opportunity to gain the buyers of equipment as potential rental customers. Its ability to offer both lease and sales options provides greater flexibility to fulfill a customer's needs, while at the same time increasing its business opportunities.

Typically, Mitcham's equipment sales fall into one of four categories.

- ❶ ***Sales of original equipment manufactured by Seamap.*** Seamap designs, manufactures and sells a range of products primarily for the offshore seismic industry. Its two primary products include the GunLink seismic source acquisition and control systems and the BuoyLink GPS system.
- ❷ ***Sales of equipment from Mitcham's lease pool.*** As opportunities arise, Mitcham will sell used or "experienced" equipment from its own inventory, usually during periods of slack demand or when the lease pool needs to be upgraded. Consequently, the timing of these types of equipment sales is difficult to forecast. Margins in this segment can range from about 30% to 70%, depending on the amount of depreciation recorded for each item.
- ❸ ***Resale of new equipment manufactured by a third party.*** Customers can purchase from Mitcham or its subsidiaries, Mitcham Canada Ltd. and MSE, new equipment manufactured by third parties. These transactions typically have nominal markup, and gross margins average 10% to 25%. These sales are also unpredictable, and therefore, difficult to forecast.
- ❹ ***Resale of new oceanographic and hydrographic equipment via SAP.*** SAP is a reseller of new equipment, consumables, systems integration, engineering hardware and software maintenance support services to the seismic, hydrographic, oceanographic, environmental and defense industries throughout Southeast Asia and Australia.

COMPETITIVE ADVANTAGES

Exclusive Agreements and Alliances

Mitcham's exclusive lease referral agreements with Sercel offer certain competitive advantages, such as preferential pricing and volume discounts on equipment purchases in addition to establishing Mitcham as the exclusive worldwide short-term leasing representative for certain products. Specifically, the agreement obligates the Company to purchase approximately \$20 million of equipment before December 31, 2008, the majority of which has already been bought. Under the terms of the agreement, Mitcham will serve as the exclusive leasing agent for Sercel's new DSU3 428XL (three-component digital sensor unit). The DSU3 428XL is an integrated package of station electronics with MEMS (Micro-Electro-Mechanical System) digital accelerometers, which can be used with Sercel's 408UL or 428XL systems.

Longstanding Customer Relationships

Mitcham has "branding" advantages with its widely recognized name in the seismic equipment industry. Over its twenty-year history, the Company has accumulated an extensive list of customers, including international and regional seismic contractors, state-owned oil and gas companies, engineering firms, and governmental and educational institutions. Among these are some of the most recognized names in the industry including Schlumberger, Dawson Geophysical,



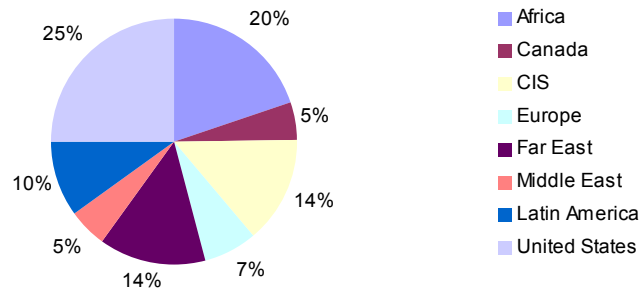
CGGVeritas, Petroleum Geo-Services, and WesternGeco. Given its established history and excellent service reputation, Mitcham has branded itself as the “go to” equipment provider when these companies need additional seismic capacity.

Geographic Diversification

Worldwide demand for seismic equipment is currently dominated by markets outside of North and Latin America (see Figure 5). Over the past five years, Mitcham’s operations expanded beyond the Americas to include Europe, CIS, and the Far East. This global presence not only provides a springboard for additional leasing and sales opportunities abroad, but also allows the Company to deliver international support services in a more efficient, timely fashion.

Figure 5: Worldwide Geophysical Activity

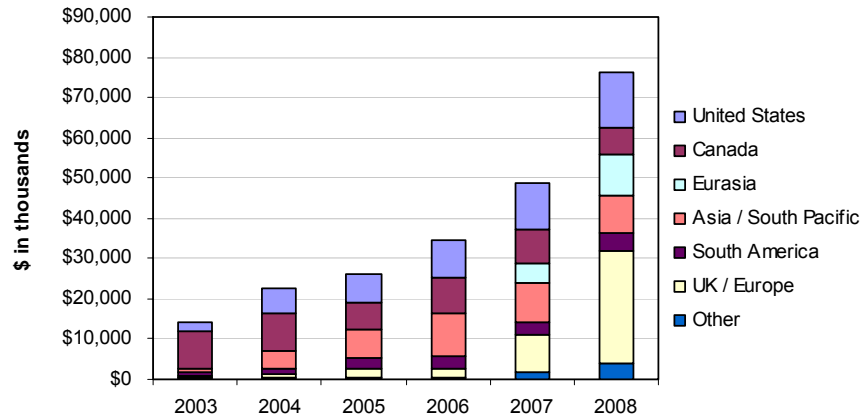
**World Share of Geophysical Activity
December 1, 2007**



Source: IHS

Figure 6: Geographic Revenue Mix

**Mitcham Revenues by geography
(fiscal year end)**



Going forward, the Russian and Central Asian markets offer promising opportunities for Mitcham. These traditionally under-explored regions have experienced greater activity levels in recent years, as oil companies have been attracted to new markets once closed to foreign investments. As oil companies seek more seismic equipment to explore these new areas, Mitcham is well-positioned to capitalize on that demand.



Figure 7: Mitcham Operating Locations



Opportunities in the Marine Seismic Industry

As the more accessible onshore areas have matured, oil and natural gas exploration has been moving offshore, particularly into the deeper waters. Governments worldwide are opening up new ocean areas for exploration and drilling, and improved technologies have made the economics of exploring offshore acreage more attractive. Expenditures in deepwater offshore exploration have been on the rise and are expected to continue as long as oil prices remain strong. Based on the most recent exploration and production (E&P) spending survey published by Lehman Brothers, there has been increasing emphasis on deepwater. In 2008, 35% of respondents expect to increase their deepwater budgets, while only 6% expect to decrease it.

Worldwide survey fleets are currently close to capacity, but new seismic vessels are on order. According to one of Mitcham's leading suppliers, there will be 119 vessels added to the fleet during calendar 2008, up 23% from the 97 vessels in use at the end of 2006. Most of the new vessels are outfitted to allow for greater density surveys, thus increasing demand for more seismic equipment per vessel. Also, the need for streamers and air guns mounted on the seismic vessels is likely to increase with the expansion of the global fleet, and Mitcham's flagship products, GunLink and BuoyLink, are well positioned to serve this need. Demand should be high for sophisticated systems like these that can handle the complex logistical issues associated with the higher density surveys. Moreover, the high capital requirements for new vessel construction (the cost of a new-build 3D vessel can run in excess of \$150 million), has resulted in a market dominance by large-scale contractors such as CGGVeritas, WesternGeco and Petroleum Geo-Services, all of which have existing customer relationships with Mitcham.

New Singapore Operations Improve Logistics and Margins

Mitcham has relocated its GunLink systems manufacturing to Singapore from the U.K. This move should improve Mitcham's margins as lower labor costs should be realized. The facility in Singapore will also house the new land equipment repair center to service equipment used in the Asia Pacific region. Equipment that was previously repaired at facilities in Texas or Calgary will now be sent to Singapore, which should improve operating costs and efficiencies, and allow for a much quicker turnaround time.



3. Market Trends and Industry Drivers

THE SEISMIC INDUSTRY

Within the context of oil and natural gas exploration, the appeal of seismic acquisition is its cost-effectiveness relative to the probabilities of a successful well. Although a seismic shoot, particularly of the 3-D type, can be an expensive undertaking, such surveys allow energy companies to cull only the most promising prospects and significantly reduce the probability of drilling dry holes. Given the sharp rise in drilling cost in recent years, the use of seismic survey data becomes all the more valuable to an E&P company's ability to increase the odds of discovery and enhance its overall returns on capital.

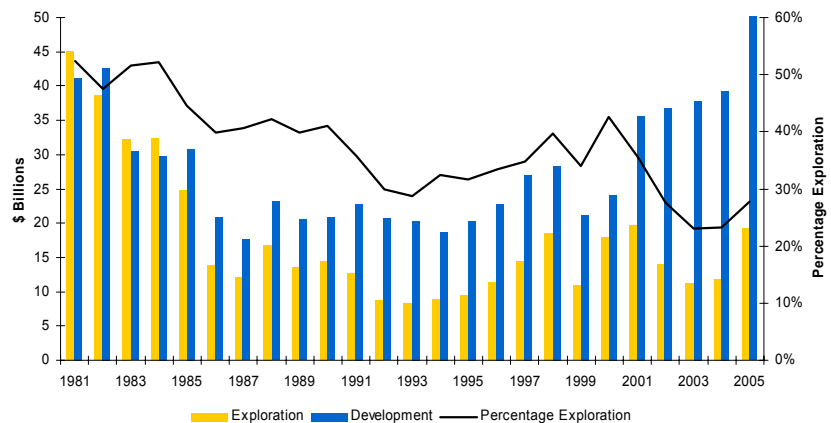
Demand for seismic services is largely driven by the exploration budgets of E&P companies, which are in turn driven by the oil and gas markets. Despite the current high-price environment for oil and gas, E&P companies are faced with the difficult task of adequately supplying the growth of worldwide demand, while also seeking out new reserves to replenish those being depleted. Since the economies of China and India have emerged and continue to consume a greater proportion of supply, there has been a secular change in demand that will yield a positive long-term benefit for companies such as Mitcham that service the exploration market.

Following a peak in exploration spending in 1998, the worldwide financial crisis and a sharp decline in oil and gas prices caused the energy industry to retrench and limit investing to lower-risk development activities (see Figure 2). The industry continued to underinvest in exploratory plays through 2004, and spending on seismic was further reduced. During that six-year period, seismic expenditures as a percent of total exploration and development spending dropped to a low of 2.5% compared to 4% historical rate.

As commodity prices began to climb again in 2005 with burgeoning global demand for energy and a tightening of spare oil capacity, oil and gas companies began to increase their exploration spending, which included seismic expenditures. The following figure shows that, after years of decline, exploration spending (both in absolute terms and as a percentage of total E&P capital spending) experienced a meaningful increase in 2005, and is likely to grow at a healthy pace throughout the decade.

Figure 2: Historical E&P Capital Spending

Worldwide Exploration & Development Spending

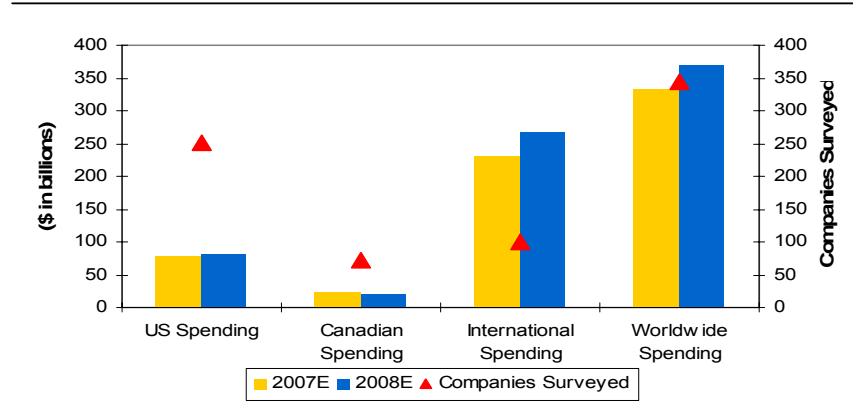


Source: Energy Information Administration



The Lehman Brothers survey (see Figure 3) estimated that global growth in E&P spending will increase by more than 11% to an estimated \$369 billion in 2008. The bulk of this growth is attributable to international spending, where expenditures are estimated to increase by 16%. In particular, E&P spending by Russian companies is expected to be strong, with the top six Russian oil companies ramping up 2008 spending by an average of 21%. Projected E&P spending in North America is much less optimistic. The expectation for U.S. spending is an increase of 3.5%, while Canadian spending is projected to see a 12% decline in activity.

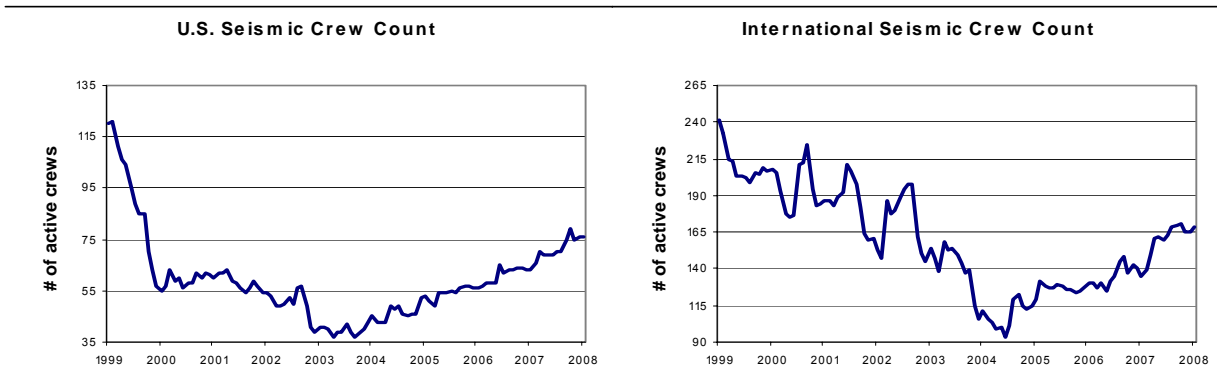
Figure 3: E&P Capital Spending Expectations



Source: Lehman Brothers E&P Spending Survey

Another metric which offers some anecdotal evidence as to the health of the seismic industry is the tracking of seismic crew counts. The following graphs in Figure 4 show that the number of active seismic crews has risen steadily on a global basis since it bottomed in 2003-2004. As the number of active crews increase, so too will demand for seismic equipment.

Figure 4: Seismic Crew Counts



Source: World Geophysical News

Demand will likely be further driven by the ongoing trend of increasing channel counts to yield higher quality subsurface data, particularly in the case of 3-D and 4-D surveys. Since the more easily found hydrocarbons have already been discovered, seismic exploration will need to yield greater quality and clarity in the future, necessitating more equipment to gather the additional data points.

All said, an environment of high commodity prices, strong global oil demand and expanding E&P budgets is expected to drive solid future growth in seismic activity.



4. Financial Overview (2004-2008)

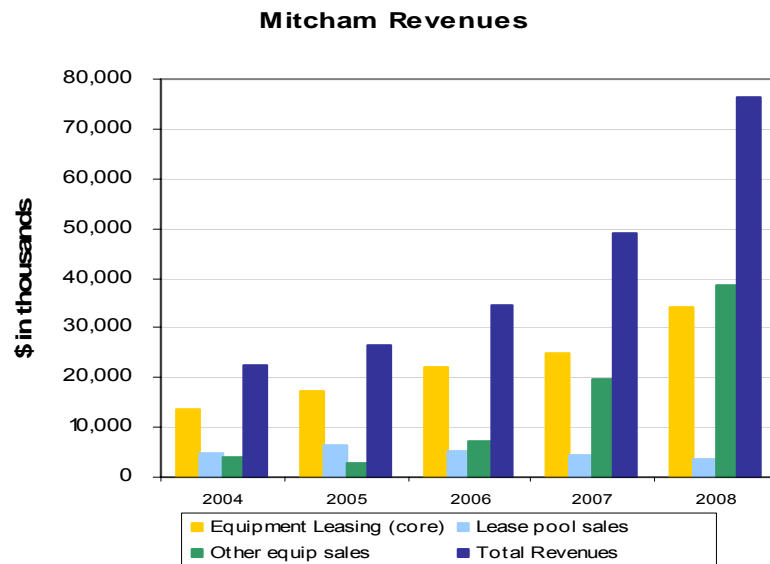
Mitcham’s financial performance closely tracks the pace of oil and gas drilling activity. The positive momentum in domestic and worldwide exploration efforts has manifested itself as strong revenue gains and enhanced profitability in the Company’s core equipment rental business. Mitcham primarily operates in two segments: Equipment Leasing and Equipment Manufacturing. The Equipment Manufacturing segment is conducted through its Seemap subsidiary, and the Equipment Leasing segment includes both core leasing operations and the sale of new and used equipment, and houses the operations of the Mitcham Canada, SAP and MSE subsidiaries. The performance of its Equipment Leasing operations is dictated by revenues from equipment leasing, non-Seemap equipment sales, and the level of its investment in lease pool equipment. Performance of its Seemap business is driven by revenues and gross profit from equipment sales.

REVENUES

Between fiscal years 2004 and 2008, Mitcham’s total consolidated revenues rose at a compound average growth rate (CAGR) of approximately 36%. The key driver of this growth was the sale of new equipment, which reflected only a partial contribution from Seemap equipment sales acquired in July 2005. Revenue growth in this segment (collectively referred to as “Other Equipment Sales” in filings) grew at a compound rate of 77% during fiscal years 2004 through 2008, primarily reflecting rapid growth in new seismic equipment sales that increased from \$1 million in fiscal 2006 to \$9.4 million in fiscal 2008. Within the Equipment Leasing segment, core leasing revenues increased at a CAGR of nearly 26% during the 2004-2008 period, driven by an expansion of Mitcham’s lease pool and rising demand for seismic equipment.

For fiscal 2008, total consolidated revenues were up 56% over the year-ago period. This revenue growth reflected a 120% increase in Seemap equipment sales to \$24.7 million from \$11.2 million in the same period last year, net of intersegment sales. Revenues from the Equipment Leasing segment, which include non-Seemap equipment sales, continued to grow at a healthy pace, up about 37% over the same period a year ago.

Figure 8: Historical Revenues





GROSS PROFIT AND MARGINS[†]

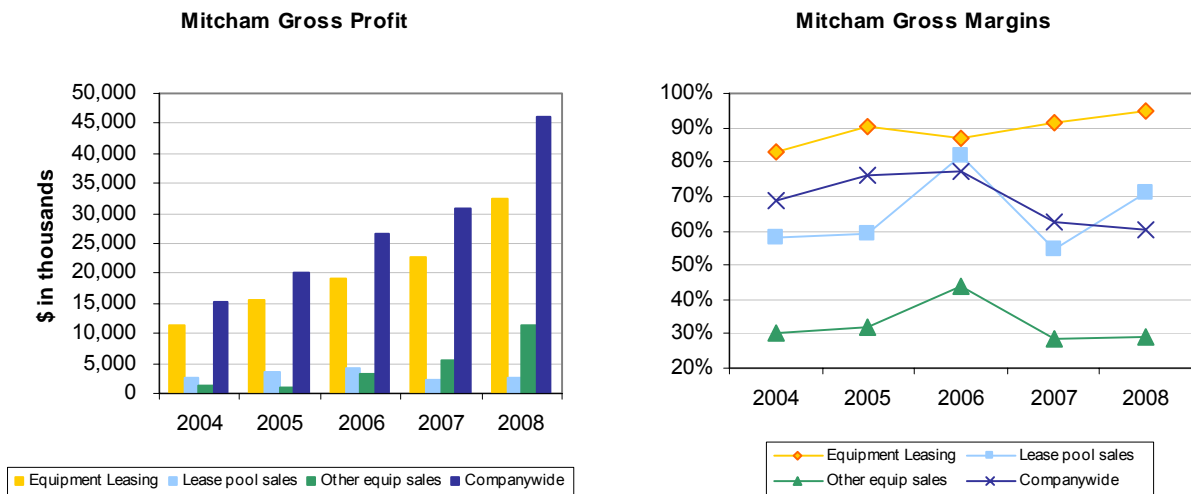
Companywide gross profit, excluding direct lease pool depreciation expense, has tripled since 2004 to over \$46 million as of January 31, 2008. Gross margins had also been on a rising trend until fiscal 2007, when margins were negatively impacted by design issues associated with the GunLink 4000. Those issues have since been resolved, but the combined effects on expenses to investigate and correct the problem, along with the deferral of orders to later periods, had an unfavorable pretax impact of \$1.7 million on fiscal 2007 results or \$0.11 per share. Since that time, , Seamap’s gross margins have risen each quarter primarily due to increased production efficiencies related to both the GunLink 2000 and 4000 systems.

Within the Equipment Leasing segment, core leasing gross profits and gross margins expanded from fiscal 2004 through 2008, largely as a result of the same drivers that led to the growth in lease segment revenues. Core leasing gross profit has grown 185% from \$11.4 million in fiscal 2004 to \$32.5 million at the end of fiscal 2008, a 43% increase over the \$22.7 million earned last year. By comparison, core leasing gross margins have increased to 95% in fiscal 2008 from 83% in fiscal 2004.

Gross profit in Other Equipment Sales has risen sharply to \$11.2 million in 2008 from \$1.2 million in 2004, a nine-fold increase largely due to contributions from Seamap.

The volatility of sales from Mitcham’s lease pool also results in some lumpiness of gross profit and margins for this segment. Despite the unpredictability of such sales, gross margins from this segment are quite attractive, ranging from 54% to 82%.

Figure 9: Historical Gross Profit and Gross Margins



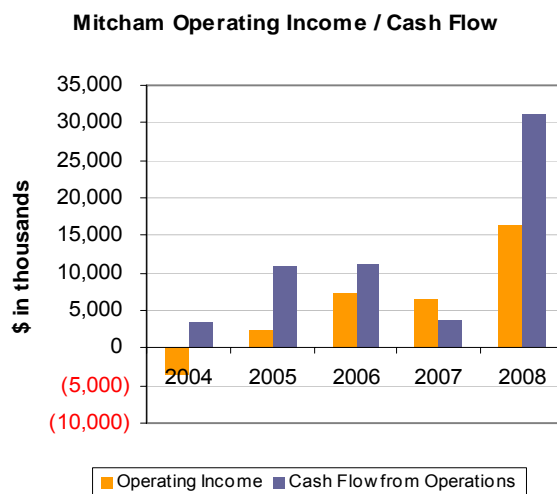
OPERATING INCOME & CASH FLOW

For fiscal 2008, operating income grew 151% from the year-ago period, again reflecting the Seamap contribution as well as strong demand for seismic equipment. G&A expenses were higher due to increased incentive compensation expenses but fell as a percentage of revenues from 30% to 23%. Cash Flow from Operations grew more than eight-fold from fiscal 2007 to \$31 million, largely due to increases in deferred taxes and depreciation, decreases in the change in receivables and payables, and inventory drawdowns.

[†] Companywide and equipment leasing gross profits and margins are prior to lease pool depreciation charges.



Figure 10: Historical Operating Income and Cash Flow



LIQUIDITY AND BALANCE SHEET

Mitcham has generated positive cash flows from operations since 2004, and is confident that cash flows, working capital, and an available revolving line of credit will be more than sufficient to fund future operations. Additional liquidity is available to Mitcham in the form of a \$12.5 million revolving loan agreement which expires on February 1, 2009. The facility bears interest at the prime rate. As of April 7, 2008, there was \$4.0 million outstanding under the revolver.

Mitcham’s strong balance sheet provides a good deal of financial flexibility and expansion capital. As of January 31, 2008, cash and cash equivalents totaled \$13.9 million, working capital was approximately \$14 million, and total debt was \$1.5 million, representing a debt-to-capital ratio of only 1.9%, down from 4.8% a year ago. This debt obligation is related to promissory notes payable at 5% annually to the former shareholders of Seamap.

Figure 11: Balance Sheet

<i>(In thousands)</i>	January 31, 2008	January 31, 2007
Assets		
Cash and cash equivalents	\$ 13,884	\$ 12,582
Current Assets	24,853	23,404
Non-current Assets	65,164	47,316
Total Assets	\$ 103,901	\$ 83,302
Liabilities & Shareholders' Equity		
Current Liabilities (ex. Current debt maturity)	\$ 23,242	\$ 20,796
Non-current liabilities	\$ 3,391	
Long-term debt		
<i>Current maturities of Long Term Debt</i>	1,500	1,500
<i>5% promissory notes</i>		1,500
Shareholders' Equity	75,768	59,506
Total Liabilities & Equity	\$ 103,901	\$ 83,302
Total Capitalization	\$ 75,768	\$ 59,506
Working Capital	\$ 13,995	\$ 13,690
Total Debt/Total Capitalization	1.9%	4.8%

FINANCIAL GUIDANCE

As of the publication date of this document, Mitcham estimates consolidated revenue for fiscal year 2009 to range from \$78 to \$82 million and operating income to range from \$18.0 to \$22.0 million. Earnings per share are expected to range between \$1.35 and \$1.40 per diluted share.



MITCHAM INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS

	January 31,	
	2008	2007
	(In thousands, except per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,884	\$ 12,582
Accounts receivable, net of allowance for doubtful accounts of \$1,512 and \$1,212 at January 31, 2008 and 2007, respectively	12,816	11,823
Current portion of contracts receivable	2,964	1,787
Inventories, net	6,352	7,308
Deferred tax asset	1,230	483
Prepaid expenses and other current assets	1,491	2,003
Total current assets	38,737	35,986
Seismic equipment lease pool and property and equipment, net	53,179	35,432
Intangible assets, net	3,692	2,127
Goodwill	4,358	3,358
Deferred tax asset	1,505	5,094
Long-term portion of contracts receivable and other assets	2,430	1,305
Total assets	\$ 103,901	\$ 83,302
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 16,729	\$ 16,343
Current maturities — long-term debt	1,500	1,500
Income taxes payable	1,967	328
Deferred revenue	872	948
Accrued expenses and other current liabilities	3,674	3,177
Total current liabilities	24,742	22,296
Non-current income taxes payable	3,391	—
Long-term debt	—	1,500
Total liabilities	28,133	23,796
Commitments and contingencies (Note 11 & 15)		
Shareholders' equity:		
Preferred stock, \$1.00 par value; 1,000 shares authorized; none issued and outstanding	—	—
Common stock \$.01 par value; 20,000 shares authorized; 10,708 and 10,601 shares issued at January 31, 2008 and January 31, 2007, respectively	107	106
Additional paid-in capital	71,929	67,385
Treasury stock, at cost (921 and 919 shares at January 31, 2008 and 2007, respectively)	(4,805)	(4,781)
Retained earnings (deficit)	662	(6,142)
Accumulated other comprehensive income	7,875	2,938
Total shareholders' equity	75,768	59,506
Total liabilities and shareholders' equity	\$ 103,901	\$ 83,302



MITCHAM INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended January 31,		
	2008	2007	2006
	(In thousands, except per share data)		
Revenues:			
Equipment leasing	\$ 34,364	\$ 24,942	\$ 22,104
Lease pool equipment sales	3,488	4,297	5,218
Seamap equipment sales	24,720	11,227	4,020
Other equipment sales	13,849	8,444	3,247
Total revenues	<u>76,421</u>	<u>48,910</u>	<u>34,589</u>
Cost of sales:			
Direct costs — equipment leasing	1,846	2,167	2,907
Direct costs — lease pool depreciation	10,403	7,612	8,310
Cost of lease pool equipment sales	1,019	1,961	950
Cost of Seamap and other equipment sales	27,347	14,087	4,080
Impairment of lease pool assets	—	—	617
Total cost of sales	<u>40,615</u>	<u>25,827</u>	<u>16,864</u>
Gross profit	<u>35,806</u>	<u>23,083</u>	<u>17,725</u>
Operating expenses:			
General and administrative	17,425	14,970	9,437
Provision for doubtful accounts	460	251	188
Depreciation and amortization	1,476	1,307	648
Total operating expenses	<u>19,361</u>	<u>16,528</u>	<u>10,273</u>
Operating income	16,445	6,555	7,452
Other income (expense):			
Interest income	687	987	528
Interest expense	(208)	(151)	(106)
Other, net	3	66	17
Total other income (expense)	<u>482</u>	<u>902</u>	<u>439</u>
Income before income taxes	16,927	7,457	7,891
Provision (benefit) for income taxes	5,488	(1,828)	(2,964)
Net income	<u>\$ 11,439</u>	<u>\$ 9,285</u>	<u>\$ 10,855</u>
Net income per common share:			
Basic	<u>\$ 1.18</u>	<u>\$ 0.97</u>	<u>\$ 1.19</u>
Diluted	<u>\$ 1.11</u>	<u>\$ 0.93</u>	<u>\$ 1.10</u>
Shares used in computing income per common share:			
Basic	<u>9,698</u>	<u>9,596</u>	<u>9,126</u>
Diluted	<u>10,282</u>	<u>10,026</u>	<u>9,844</u>



MITCHAM INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended January 31,		
	2008	2007	2006
	(In thousands)		
Cash flows from operating activities:			
Net income	\$ 11,439	\$ 9,285	\$ 10,855
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	11,879	8,919	8,958
Impairment of lease pool assets	—	—	617
Stock-based compensation	2,253	1,645	153
Provision for doubtful accounts	461	251	188
Provision for inventory obsolescence	348	144	—
Gross profit from sale of lease pool equipment	(2,469)	(2,336)	(4,268)
Excess tax benefit from exercise of non-qualified stock options	(1,912)	(390)	—
Provision for deferred income taxes	1,103	(2,523)	(3,000)
Non-current income taxes payable	406	—	—
Changes in:			
Trade accounts and contracts receivable	(4,454)	(6,778)	(892)
Inventories	847	(5,088)	(268)
Current assets of discontinued operations, net	—	354	35
Income taxes payable	2,924	295	2
Accounts payable, accrued expenses and other current liabilities	7,627	1,054	(1,093)
Prepays and other, net	552	(1,246)	(86)
Net cash provided by operating activities	31,004	3,586	11,201
Cash flows from investing activities:			
Sales from used lease pool equipment	3,488	4,297	5,218
Acquisition of subsidiaries	(3,784)	(1,000)	(2,537)
Purchases of short-term investments	—	—	(6,000)
Redemptions of short-term investments	—	2,550	3,450
Purchases of seismic equipment held for lease	(29,967)	(12,868)	(8,186)
Purchases of property and equipment	(886)	(1,677)	(784)
Long-term assets of discontinued operations	—	—	216
Net cash used in investing activities	(31,149)	(8,698)	(8,623)
Cash flows from financing activities:			
Proceeds from borrowings	4,500	—	—
Payments on borrowings	(6,000)	—	(918)
Proceeds from issuance of common stock upon exercise of options and warrants, net of shares surrendered during exercises	356	861	1,640
Excess tax benefit from exercise of non-qualified stock options	1,912	390	—
Net cash provided by financing activities	768	1,251	722
Effect of changes in foreign exchange rates on cash and cash equivalents	679	5	—
Net increase (decrease) in cash and cash equivalents	1,302	(3,856)	3,300
Cash and cash equivalents, beginning of year	12,582	16,438	13,138
Cash and cash equivalents, end of year	\$ 13,884	\$ 12,582	\$ 16,438



5. Appendix

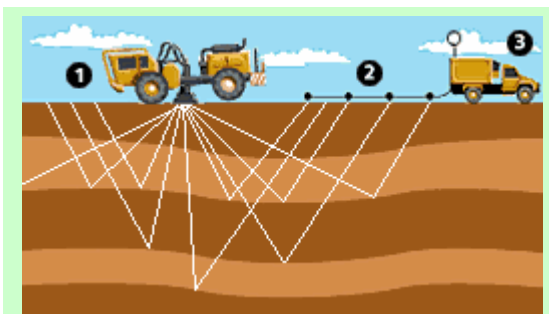
INTRODUCTION TO SEISMIC SURVEYING

Using a seismic survey (also called a “shoot”), energy companies are able to get an idea of the subsurface geology of an area and better determine the possible presence of hydrocarbons prior to drilling. Geophysicists interpret seismic data volumes, generate geologic models of the earth’s subsurface, and identify subsurface anomalies which favor the accumulation of hydrocarbons.

LAND IMAGING

Seismic surveying involves the recording of reflected acoustic or sonic waves from below the ground. Since the earth’s crust is made up of different layers, each with its own properties, energy (in the form of seismic waves) traveling underground interacts differently with each of these layers, i.e., seismic waves reflect differently from a very dense layer than from a porous layer. The seismic waves travel through the earth and are reflected back towards the surface by one of the layers, depending on that particular layer’s composition. It is this reflection that allows for the use of seismology in discovering the properties of underground geology.

The first step in a survey is to introduce acoustic energy into the ground. In a land seismic acquisition, these sound waves are generated via either dynamite planted in a borehole or vibroseis, i.e., large vibrator trucks that have a vibrating pad that “thumps” the ground and sends out acoustic waves. As the waves travel through ground, some will reflect back (as with a mirror) when they encounter different geological layers, while other waves are refracted, continuing into deeper zones until they are eventually reflected back.



1. Signal generated by vibrator truck impacting ground
2. Reflected waves received by geophones
3. Data transmitted via cables to recording truck

Source: Elf Aquitaine



A Sercel Field Digitizer Unit (FDU) is a single channel acquisition unit to which the geophone string is directly connected. One or more FDU's are integrated into the cable, making up a Link.

Seismic Recording Channel

A seismic channel is an electrical input port to a recording instrument. The term has meaning only in connection with recording systems. In Mitcham’s case, these recording instruments are commonly called “channel boxes,” which acquire and amplify the analog data, convert it to digital format and transmit it to the central recording unit. Typically, a channel box is capable of handling from one to eight channels. For a given recording event, each channel is associated with a specific signal-generating device; e.g., a single geophone or an array of geophones at a specific location.

The reflected energy is then received by motion-detecting recording devices (geophones or “receivers”) on the ground. Several geophones are grouped and connected together to comprise a single seismic recording channel. Multiple channels are needed to perform a survey. For instance, a small 2-D survey may use 120 channels, while a large 3-D survey may require several *thousand* channels. The greater the size and sophistication of the seismic shoot, the greater the number of channels required. It is helpful to analogize seismic imaging to a digital camera. To improve the resolution of a photographic image, more pixels are needed. Adding more channels is essentially the equivalent of adding more “pixels” to the seismic image, yielding additional clarity and ultimately, better decisions about drilling.

Data picked up by the geophones is then transmitted to “channel boxes,” which aggregate one to eight channels and convert the signals from analog to digital data. Finally, the digital data is then transmitted to a seismic recording truck, which has a central recording unit that records and stores digital data for further interpretation by geophysicists and petroleum reservoir engineers.

Mitcham provides effectively *all* the equipment a contractor would need to shoot a land seismic acquisition, including the vibrator trucks, geophones, channel boxes, recording trucks and all of the advanced electronic equipment contained therein. The breadth of the Company’s lease pool makes Mitcham a one-stop shop for contractors looking for additional capacity above and beyond their own.

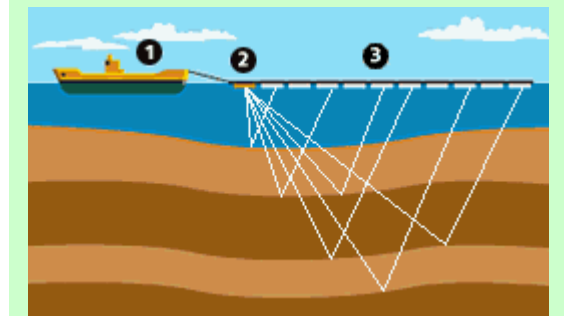
MARINE IMAGING

Marine or offshore seismic acquisition is based on the same principles as land seismic; that is, generating acoustic waves and recording the reflected waves bouncing off subsurface strata. However, the task of generating the acoustic waves and the subsequent recording of the waves is carried out by one or more marine vessels towing air guns and streamers.

Air guns transmit sound waves through the water and into the seabed. The reflected waves are recorded by arrays of streamers (special buoyant marine cables) containing hydrophones, which detect seismic energy in the form of underwater pressure changes. The data is then relayed back to the recording vessel. The number of streamer cables towed varies: 2-D seismic vessels tow only one streamer, while 3-D vessels can tow 20 or more streamers. Adding streamers to a vessel improves data resolution, but increases the level of difficulty to completing the shoot. Each streamer is usually several miles long with hydrophones along its entire length spaced at 40 foot intervals. Clearly, keeping this equipment in proper position and making accurate recordings despite water currents and other logistical obstacles is a major undertaking.

Mitcham believes that it is well-situated to address these obstacles with its proprietary solutions. As discussed previously, Seamap's GunLink and BuoyLink products are designed specifically to alleviate the control problems inherent in performing detailed marine seismic shoots. GunLink controls the air guns that generate seismic energy and record its signals, and the BuoyLink GPS system provides precise tracking of seismic sources and streamers in marine seismic acquisition. These products control critical functions that directly influence the quality of the data attained.

The growing trend in marine seismic is for greater detail, which requires new seismic vessels to be equipped with an increased number of streamers, and much denser spacing between each streamer. Products such as GunLink and BuoyLink systems will be needed in these new vessels, as they offer the technological capabilities to allow for the effective control and positioning of the streamers.



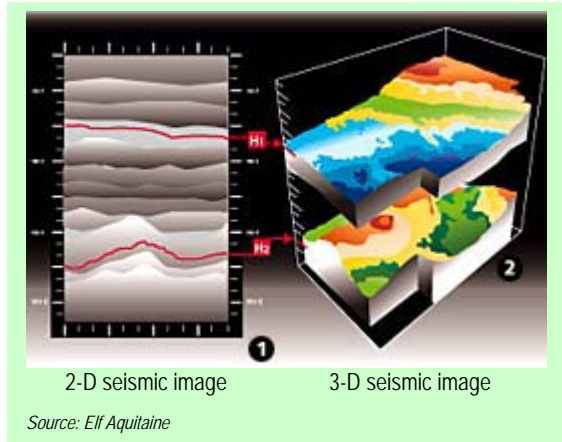
1. Seismic vessel tows air guns and streamers
2. Air guns send sound waves into the earth
3. Hydrophones detect pressure changes from reflected waves; streamers relay data back to vessel

Source: Elf Aquitaine

TYPES OF IMAGING: 2D, 3-D AND 4-D

Seismic imaging technology has evolved over the years. The most basic image is a 2-D image. Surveys that produce 2-D images involve the collection of seismic data in a linear fashion, thus generating a single vertical plane of subsurface seismic data.

A 3-D survey is shot in much the same way as 2-D, except that the “shotpoints,” or dynamite holes, are much closer together and are laid out on a grid instead of in a straight line. The geophones that receive the reflected sound waves are also laid out in a grid. 3-D surveys collect a large amount of seismic data, which is processed by powerful computers. The resulting 3-D data set produces more precise images of the earth's subsurface that are



analogous to a “cube” of data that can be sliced into numerous vertical planes, providing different views of a geologic structure with much higher resolution than is available with traditional 2-D seismic survey techniques.

Although 3-D seismic yields a more comprehensive overview of the subsurface, it has not replaced 2-D seismic. The industry still makes use of 2-D surveys, typically to initially image an expansive region. Seismic equipment can be used interchangeably between 2-D and 3-D surveys; however, a 3-D seismic shoot is much more expensive and adds significantly to project cost as the equipment and labor required to attain the additional data to construct a 3-D image is much greater than that required for a 2-D shoot. Therefore, 2-D is typically used for larger areas to determine if there are favorable prospects, while 3-D is typically used for more in-depth studies of those areas that exhibit a high potential for hydrocarbon reserves.

4-D seismic technology, also known as time-lapse, is a technique in which a series of 3-D seismic surveys are repeated over time to monitor a producing field's properties such as fluids, temperature and pressure. Using 4-D seismic, the changes brought about by production and well stimulation can be determined by examining the datasets collected over time. Then adjustments can be made to optimize extraction and recover bypassed oil and gas, enhancing production rates.

Going forward, as oil and gas companies go after harder-to-reach, higher-risk reserves, seismic surveying will play an increasingly critical role in exploration activities. The relative cost of seismic activity is minimized by the potential for economic improvement that results from a more successful drilling program, and the leasing alternative that Mitcham offers has cost advantages over purchasing equipment.

Mitcham Industries, Inc.



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