IN MINING circles it has been widely assumed that the age of mega-mergers that built mining titans such as BHP Billiton and Rio Tinto is over. Except of course, as everyone agreed, the inevitable big deal between Glencore and Xstrata. Ivan Glasenberg, Glencore's prickly boss, has long talked about Xstrata as if the tie-up had already taken place. On February 2nd it seemed that he was close to getting what he wanted. Xstrata admitted that it was in talks with Glencore about an all-share merger of equals.

It should succeed. Mining is a business that spawned plenty of talk of huge deals before the financial crisis as Chinese demand for commodities boomed and cash was easy to borrow. Xstrata itself was linked with Brazil's Vale and even attempted its own nil-premium takeover of Anglo American. Now the assumption is that financing a huge takeover would be near impossible, with banks unwilling to lend. The mining giants have instead concentrated on organic growth and smaller bolt-on acquisitions rather than transformational deals.

Xstrata and Glencore are different because they are so similar. Xstrata was born over a decade ago when Glencore, a commodity trader with mines of its own, spun off its coal assets. Glencore still has a 34% stake in Xstrata, which has rapidly grown through the dealmaking prowess of its boss, Mick Davis, to become one of the world's biggest mining companies. Both firms are listed in London but are based a few miles apart in low-tax Switzerland. Both bosses are shrewd South Africans and fiercely competitive.

And both firms are worth similar sums. Glencore is valued at nearly $45 billion, Xstrata at about $50 billion. Glencore went public last year, raising $11 billion with an IPO. Most observers interpreted the flotation as both the savvy Mr Glasenberg cashing out at the top of the commodity market and a way to put a market price on Glencore—a condition for the deal with Xstrata. Glencore's shares have sagged as investors try to figure out a company that is part miner (with some ropy assets in risky parts of the world) and part successful commodity trader (it makes pots of cash delivering metal, oil and agricultural products from the ground to customers around the globe). The company also prides itself on its huge network of traders with their ears to the ground all over the world to be the first to hear about opportunities to make money. And Glencore already markets much of Xstrata's minerals.

A deal would forge the world's fourth-largest miner with revenues of some $200 billion. For Glencore, which is so dominant in trading a range of commodities that it is unclear where it might grow in that business, the merger brings the opportunity for fast expansion in mining (despite signs of a Chinese slowdown commodity prices will remain high for years to come). As for Xstrata, its skill as a mining company is to take underperforming assets and restructure them operationally and financially. Glencore has plenty of these.

Still, for Xstrata the attraction of the deal is less obvious. The company already has impressive plans for organic growth, although some analysts interpreted these as a negotiating chip to boost the company's value before Glencore came knocking. And it has a unique structure among the big miners in that it is hugely decentralised, with most operational decisions taken by the people on the ground (Xstrata's head office contains a handful of people rather than many hundreds like its competitors). This may not fit well with Glencore's more top-heavy management structure. But with an approach by Glencore hanging over Mr Davis, some say, he could not effectively pursue his own strategy for Xstrata so decided to get on with a tie-up.

The biggest impediment to a deal had seemed to be the differences—or similarities, depending on how one looks at it—between Mr Glasenberg and Mr Davis. They are said to concur about many things, but they rarely agree about the value of each other's assets. They appear to have come to an understanding that will forge a predatory new mining giant that may once again revive the days of the mega merger.

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