BREAKDOWN OF MINING AND SENDING BITCOINS

START HERE

Alice and Bob have bitcoin wallets

→

Alice wants to send Bob bitcoins

→

Alice broacasts she wants to send Bob bitcoins

Rejected if invalid and nothing happens

Bitcoins transferred

Announce their solution to network

Apply cryptographic hash to generate a result.

Aggregate unconfirmed transaction into blocks

Hear transaction and validate transaction

Rebroadcast the transaction within the network

Validate block and its transactions are valid

→

Add block to network. Alice and Bob's transaction is confirmed.

Transactions not in block are unconfirmed & need to be processed
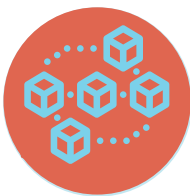
Rebroadcast the transaction within the network

MINER

Machinery creating blocks that contain bitcoin transactions. Assigned bitcoin in block as reward

NODE

Store all completed blocks and can verify all transactions since the beginning.